

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

Report to
the Mississippi Legislature



**Summaries of PEER Reports
1973-Present**

2002 Edition

PEER Awards and Recognition

2001, 2002

Impact Award

(National Legislative Program Evaluation Society,
National Conference of State
Legislatures)

1994

Award for Excellence in Program Evaluation

(National Legislative Program Evaluation Society,
National Conference of State
Legislatures)

1984

Most Distinguished Research Award

(Governmental Research Association)

1982

**Award for Outstanding Contributions to the
Field of Legislative Program Evaluation**

(National Conference of State Legislatures)

1979

Most Distinguished Research Award

(Governmental Research Association)

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

PEER Committee

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October 10, 2002

TO: Honorable Ronnie Musgrove, Governor
Honorable Amy Tuck, Lieutenant Governor
Honorable Tim Ford, Speaker of the House
Members of the Mississippi State Legislature

FROM: Senator William Canon
2002 PEER Chairman

A handwritten signature in cursive script, reading "William Canon", written over a horizontal line.

On behalf of the Joint Committee and our staff, I am pleased to submit this *Summaries of PEER Reports, 1973 to Present*.

For twenty-nine years, the PEER Committee has published reports on Mississippi state and local government entities and issues. These reports have proven to have archival value over an extended period and, in response, the Committee annually publishes a compilation of summaries of PEER reports issued to date. This compilation has become a useful tool for the Legislature and general public.

Pages v through viii of this volume contain an introduction to the PEER Committee and its staff. Summaries of reports, in chronological order, begin on page 1. Appendix A, page 153, contains PEER's enabling legislation and Appendix B, page 161, indexes PEER reports by subject, cross referencing by report number and page number of the summary located in this volume.

Legislators, state and local government employees, and private citizens are encouraged to contact our offices (601-359-1226) or check our website (<http://www.peer.state.ms.us>) for copies of PEER reports or for more information about the PEER Committee.

Table of Contents

Letter of Transmittali

Introduction to PEERv

Summaries of PEER Reports..... 1

Appendix A: PEER's Enabling Legislation: MISS. CODE ANN.
Sections 5-3-51 through 5-3-71 (1972).....153

Appendix B: Index of PEER's Reports by Subject.....161

Introduction to PEER

What is PEER?

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) in 1973 to conduct performance evaluations, investigations, and expenditure reviews and report its findings to the Legislature.

Section 60 of the MISSISSIPPI CONSTITUTION authorizes the Legislature to conduct investigations. The constitutional basis of legislative oversight in Mississippi is derived from elected representatives' right to question executive policies and practices.

The PEER Committee is composed of five members of the Senate, appointed by the Lieutenant Governor, and five members of the House of Representatives, appointed by the Speaker of the House. Members represent each of the state's Congressional districts and serve four-year terms. The Committee elects officers annually.

What Does PEER Do?

By vote of the Committee, PEER may review the work of any state or local entity that receives public funds. State law authorizes PEER to examine a public entity's documents and records, interview personnel, and examine witnesses, using subpoena power if necessary.

PEER's reviews may have multiple objectives and one of many formats, such as: descriptive summary, investigation, compliance review, management review, economy and efficiency review, program evaluation, or policy analysis. The Committee publishes results of its reviews in reports that are distributed to the Legislature and the public.

PEER staff also provide short-term assistance to legislative committees and individual legislators upon request. These requests do not require a formal vote of the PEER Committee, but resulting work products are distributed only to the requesting legislator or legislative committee and are otherwise confidential.

For additional information on the purpose and powers of the PEER Committee, see Appendix A, page 153, for a copy of

PEER's enabling legislation (MISS. CODE ANN. Section 5-3-51 through 5-3-71 [1972]).

Who May Request PEER Reviews?

PEER may, by vote of the Committee, conduct reviews in response to requests from PEER Committee members, chairs of legislative committees or subcommittees, individual legislators, PEER Committee staff, other governmental agencies, or private citizens. Also, some PEER reviews are required by state law.

Individuals wishing to request a PEER Committee review should submit a signed, written request to a member of the Committee or staff. However, due to resource constraints, legislative requests must take priority.

What Form Do PEER Reviews Take?

PEER's published reports follow a standard format which includes a very brief summary of the report on its cover, a more detailed "executive summary" inside, then the full text of the Committee's findings and recommendations. Upon request, PEER staff will brief committees, individual legislators, or other legislative staff on the contents of reports.

How May I Receive PEER Reports?

To request a specific PEER report, to be added to the report mailing list, or to request that PEER conduct a review, you may contact PEER's Executive Director by:

Telephone:	(601) 359-1226
Mail:	P. O. Box 1204 Jackson, MS 39215-1204
In person:	501 North West Street Suite 301-A, Woolfolk Building Jackson, MS 39201
Internet:	web-- http://www.peer.state.ms.us e-mail-- reports@peer.state.ms.us
Fax:	(601) 359-1420

How Does PEER Operate?

The PEER Committee employs an Executive Director and staff as authorized by law. PEER staff have diverse educational backgrounds, most with advanced degrees or professional certification. The chart on page viii depicts PEER staff's current organizational structure.

2002 Joint Legislative PEER Committee officers are:

Chair, Senator Bill Canon
Columbus, MS

Vice Chair, Representative Alyce Clarke
Jackson, MS

Secretary, Representative Mary Ann Stevens
West, MS

Other members of the Committee are:

Senator Hob Bryan
Amory, MS

Senator Bob Dearing
Natchez, MS

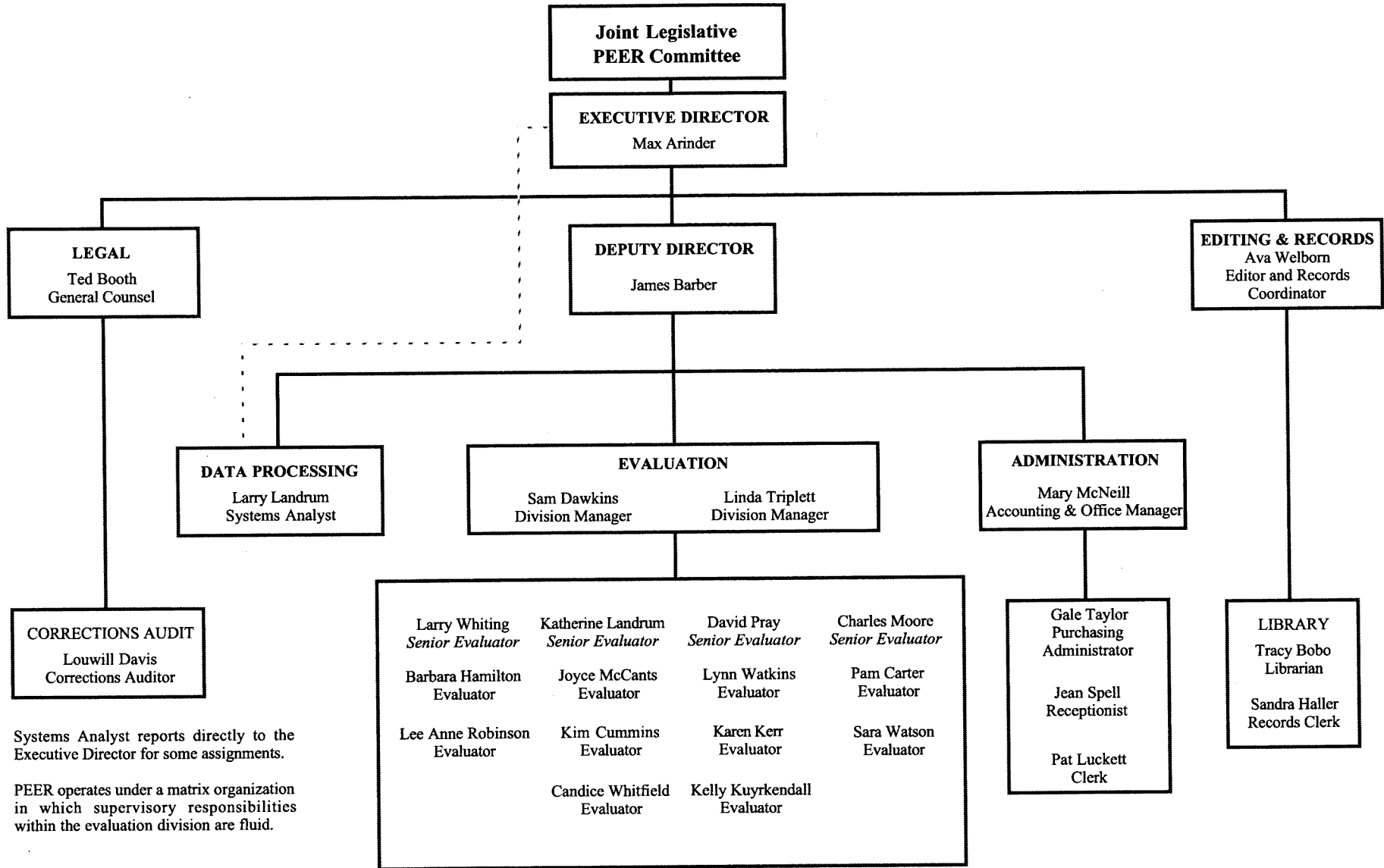
Senator Billy Hewes
Gulfport, MS

Senator Johnnie Walls
Greenville, MS

Representative Billy Bowles
Houston, MS

Representative Herb Frierson
Poplarville, MS

Representative Tommy Horne
Meridian, MS



Systems Analyst reports directly to the Executive Director for some assignments.

PEER operates under a matrix organization in which supervisory responsibilities within the evaluation division are fluid.

PEER COMMITTEE

Staff Organization

October 1, 2002

SUMMARIES OF PEER COMMITTEE REPORTS September 2001-Present

1. SPECIAL SURVEY TO IDENTIFY DEFICIENCIES IN THE ACCOUNTING SYSTEM AND INTERNAL CONTROLS AT THE MISSISSIPPI STATE PENITENTIARY AND RECOMMENDATIONS FOR THE INSTALLATION AND MAINTENANCE OF AN ACCURATE ACCOUNTING SYSTEM COMBINED WITH ADEQUATE INTERNAL CONTROL, July 3, 1973, 36 pages

Deficit financing of the Mississippi State Penitentiary in FY 1973 was the impetus for this study.

The organization and administration of personnel were reviewed in the report, and recommendations for improvement in this area were detailed. PEER auditors found deficiencies in the accounting systems and internal controls in the Farm Division, the Corrections Division (Book Bindery and Prisoners' Fund), and the Service and Support Division. Recommended corrective measures were enumerated for each division.

In general, the PEER Committee recommended that the Penitentiary establish and maintain a well-planned control system for the provision of adequate reporting methods, accurate accounting, and proper planning and budgeting.

2. A SURVEY TO DETERMINE THE TREATMENT OF EXCESS CASH BY CERTAIN STATE OFFICIALS, July 3, 1973, 3 pages

This report contains two of three studies conducted to determine whether state officials who had control over large amounts of money were investing surplus or idle funds prudently. Details of the third study may be found in report number 4.

The management of money in the Alcoholic Beverage Control Division of the State Tax Commission and the University of Mississippi Medical Center was the concern of this report. During the four-month test period from January 1, 1973, to April 30, 1973, both the ABC Division and the University Medical Center were found to have surplus cash. If these funds had been invested in 4 percent certificates of deposit, interest income of approximately \$272,000 could have been earned.

Since the report, both parties have made arrangements to secure certificates of deposit for the investment of their excess cash.

3. A SURVEY TO DETERMINE THE SAVINGS THAT COULD BE ACHIEVED IF CERTAIN STATE DEPARTMENTS CONVERTED TO AN EIGHT-HOUR WORK DAY, July 3, 1973, 3 pages

Twenty-seven state government departments that function on a seven-hour work day were selected to determine the savings that could result from conversion to an eight-hour work day. Overtime hours were not taken into consideration. State departments that were open for business eight hours a day but in which employees work only seven hours a day on staggered work schedules were omitted.

The twenty-seven departments employed 1,431 persons at a cost of \$1,109,733 per month (including employer costs). Conversion to an eight-hour work schedule would have reduced the number of employees by 12.5 percent at a savings of \$138,700 per month, or \$1,644,000 per year.

The Committee recommended implementation of an eight-hour work

standard for all state government employees. Legislation should be adopted to provide for uniform working hours for all state government departments.

4. A REPORT ON THE INVESTMENT OF EXCESS CASH BY THE STATE DEPOSITORY COMMISSION, August 3, 1973, 6 pages

This report was the final in a series of studies on the treatment of excess cash by certain state officials. Previous studies may be found in report number 2.

The investment of excess cash by the State Depository Commission in custody of the State Treasurer was the focus of the study. Commission records from FY 1973 showed that approximately \$31 million was idle cash. If the maximum of 90 percent (ceiling set by statute) of this idle cash had been invested in certificates of deposit at 4 percent interest, additional revenue of \$1,240,000 would have been earned.

Not only did the PEER Committee recommend investing these funds, but the Committee also recommended that the State Depository Commission close all checking accounts in state banks outside of Jackson. The commission should have reduced the balances of its accounts in the four Jackson banks and invested money on hand in these accounts on a short-term basis. In addition, legislation to reduce funds allowed to remain idle and revision of procedures for the use of demand and time deposits were recommended.

5. A REPORT ON THE STATE TEXTBOOK DEPOSITORY, August 7, 1973, 4 pages

Since 1940 when Jackson was designated as the central depository for textbooks by the State Textbook Purchasing Board, the facilities of the

School Book Supply Company had been used. The School Book Supply Company ordered its books from forty-four publishing companies approved by the Mississippi Textbook Purchasing Board. Additional services provided by the company were the storage, handling, and distribution of used state textbooks.

All procedures used by the company were examined closely and were found to be quite satisfactory. In fact, the State Textbook Depository of Mississippi often was used as a model for other states interested in the maintenance of state-owned depositories.

6. A REPORT ON MISSISSIPPI STATE HIGHWAY DEPARTMENT PROJECT NO. 63-0910-00-025-10 (ACCESS ROAD TO LITTON INDUSTRIAL FACILITIES, JACKSON COUNTY), August 22, 1973, 10 pages

During an examination of the accounting procedures and financial control of the Mississippi State Highway Department, a departure from procedure was discovered in the construction project on the access road to Litton Industrial Facilities. This report detailed the project and terms of the contract.

As a result of the failure of Highway Department officials to establish guidelines for compensation of contractors, the L & A Contracting Company was overpaid by approximately \$284,000. The contractor should have been notified immediately and restitution made. The Committee recommended that the Highway Commission authorize the Attorney General to file suit on behalf of the department to collect the overpayment, if necessary.

7. THE MISSISSIPPI STATE HEALTH DEPARTMENT AND ITS OSHA CONTRACT, August 30, 1973, 7 pages

The concern of this report was the propriety and legality of the contract between the State Health Department and the Occupational Safety and Health Administration (OSHA), a division of the U.S. Department of Labor. The OSHA legislation was designed to eliminate occupational hazards by maintaining health and safety regulations for all places of commerce. The contract allowed the Health Department to assist in implementing the provisions of the Act.

The PEER Committee found that the contract lacked specific statutory sanction in Mississippi, and the Attorney General's office stated that no legal authority for the contract existed. Furthermore, the agreement was contrary to the intent of the Mississippi Legislature. For these reasons, the Committee requested that the contract be canceled immediately.

Since the report, the State Board of Health ceased conducting OSHA inspections as of September 1, 1973. The State Health Officer made a formal request to the U.S. Department of Labor that the contract be canceled on September 1, 1973.

8. A REPORT ON MISSISSIPPI STATE HIGHWAY DEPARTMENT MISSISSIPPI RIVER BRIDGE AT VICKSBURG, September 17, 1973, 17 pages

An examination of the administration and supervision of the construction of the Mississippi River Bridge at Vicksburg revealed problems that resulted from administrative deficiencies in the Highway Department. Adequate time was not scheduled in advance to review and revise contract plans, and portions of the contract that were unsatisfactory at the outset were not clarified. Also, the department relied heavily on the services of one

consultant and disregarded the advice of its technical staff.

The Highway Department should develop and implement a schedule for preparation and review of plans and contracts for anticipated awards. Sound legal and technical advice should be regarded when construction contracts are amended. To prevent an individual from effecting an amendment without this advice, legislation should be enacted.

9. MISSISSIPPI STATE PENITENTIARY CENTRAL WAREHOUSE ACCOUNTING AND SECURITY CONTROLS, November 29, 1973, 10 pages

At the request of the Comptroller at the Mississippi State Penitentiary, the PEER Committee reviewed the plan of accounting and security controls to be instituted in the operation of a new central warehouse. Existing and new facilities were reviewed in relation to essential control procedures. Recommended procedural policies for use at the penitentiary were outlined in detail in the report. Installation of the recommendations should provide the warehouse with accounting integrity and optimum protection for persons and property.

The report was read and adopted as a guide by management personnel at the penitentiary.

10. A REPORT ON MISSISSIPPI STATE HIGHWAY DEPARTMENT SUPPLEMENTAL AGREEMENTS AND CHANGE ORDERS AND ANALYSIS OF LIQUIDATED DAMAGES, December 3, 1973, 24 pages

The report explored the use of change orders, required to effect minor changes in quantities, a change in design, the addition of pay items, and so on; and the use of supplemental agreements, used to modify plans or specifications necessary as work

progresses. To determine the extent to which change orders and supplemental agreements were used, a sample was drawn from construction projects closed out in FY 1972 and FY 1973. Based on findings from examination of the sample construction projects, the PEER Committee recommended that the Highway Department establish and enforce specific guidelines for the use of change orders and supplemental agreements. Also recommended were major changes in procedures for the development of state estimates of construction costs.

A second area of concern was liquidated damages, amounts withheld from the contractor for each day the project falls behind the scheduled date of completion. A study of rates for liquidated damages was recommended, since present rates were inadequate to cover actual costs.

Additional recommendations were to increase the size of the department's legal staff and to establish standard procedures for collection of overpayments to contractors.

11. A REPORT ON THE MOTOR VEHICLE COMPTROLLER PORTABLE SCALE OPERATION, December 26, 1973, 9 pages

This evaluation of procedures used by portable scale inspectors from the Office of the Motor Vehicle Comptroller attempted to determine the effectiveness of the enforcement of statutes pertaining to overweight vehicles on the highways of Mississippi. The report also evaluated control procedures exercised in the collection of fees levied by portable scale operators.

Widespread violations of Mississippi highway weight limits were occurring throughout the state, and enforcement of laws regulating load limits was inadequate. The Motor Vehicle Comptroller should be required to enforce the law, aided by the

employment of additional inspectors. Statutes dealing with violations concerning load limits should be amended to include more severe penalties.

12. MOTOR VEHICLE COMPTROLLER MISUSE OF DEALER DISTINGUISHING LICENSE TAGS; MOTOR VEHICLE COMPTROLLER UNAUTHORIZED ISSUANCE OF SPECIAL LICENSE TAGS, January 2, 1974, 6 pages

Widespread abuse of dealer tags was found in efforts to determine the use of dealer distinguishing license tags. Statutes pertaining to the motor vehicle dealer tag permit law were ambiguous, and they did not provide enforceable and adequate penalties to discourage misuse. These Code sections should be amended to correct the abuse of dealer tags.

In investigating the issuance of special license tags, PEER staff found that the Motor Vehicle Comptroller had ordered and issued more than 200 special tags without statutory authority. The Motor Vehicle Comptroller should be prohibited from issuing unauthorized special license tags.

13. MISSISSIPPI STATE HIGHWAY DEPARTMENT FISCAL AUDIT REPORT, YEAR ENDING 30 JUNE 1973, January 8, 1974, 116 pages

On examination of the records and accounts and review of the operations of the Highway Department for FY 1973, PEER staff found the accounting system generally reliable. Most exceptions to this noted in the report resulted from variances with management interpretation and implementation.

One weak area of accounting control and management of assets was the inventories of materials and supplies. The PEER Committee recommended that these inventories be correctly recorded, valued and

controlled. Overstatement of employee benefits should be corrected, and an unnecessary maintenance shop at Houston, Mississippi, should be closed.

Because of a revenue allocation problem with the Motor Vehicle Comptroller, the Highway Department was required to draw on its high yield investments for operating capital. To correct this, the Committee recommended that funds from the Motor Vehicle Comptroller be distributed concurrently each month with other funds.

14. MISSISSIPPI DEPARTMENT OF PUBLIC WELFARE: A SPECIAL STUDY TO EVALUATE THE IMPACT OF CHANGES IN SOCIAL SECURITY LEGISLATION ON THE STATE DEPARTMENT OF PUBLIC WELFARE, January 11, 1974, 50 pages

Prepared originally for the Appropriation Committees of the Legislature, this study focused on the effects of changes in Social Security legislation on the Department of Public Welfare. Federal legislation replaced public assistance payments for the financially needy aged, blind, and disabled with a system of supplemental security income (SSI). An amendment to the legislation provided that states must agree to maintain the income of each December 1973 aged, blind, or disabled recipient at his December 1973 income level. If the agreement were not reached, the state would lose federal matching funds for Medicaid.

Because some 21,000 Mississippi SSI recipients would have received less income under this legislation, the state was required to pay them a supplemental income. Costs would have diminished each month as recipients were phased out of the program. Failure by the state to enact legislation to appropriate the funds for the supplemental income would have resulted in a loss of Medicaid benefits to approximately 320,000 persons

receiving over \$100 million in medical benefits. The state could have elected to pay the supplement, at an approximate cost of \$920,000, or could have contracted with HEW, which would have administered the payment at nominal cost to the state.

The report also analyzed the two options that the state may use in determining eligibility for Medicaid benefits. Performance audits of the regional welfare offices and selected county welfare offices were included as well as a budget analysis.

15. PERFORMANCE EVALUATION: MINIMUM FOUNDATION PROGRAM, STATE DEPARTMENT OF EDUCATION, June 4, 1974, 110 pages

This report noted that the Minimum Foundation Program (MFP) provided financing for public school operations. Funds were available for teachers' salaries, pupil transportation, school administration, and special needs of the schools. The amount of MFP money received by a local school district was determined by average daily (pupil) attendance. The purpose of the study was to determine how effectively the MFP was administered by the Department of Education and to review conformity of program administration with legislative intent.

The report noted that fall public school enrollment was declining, that the state was bearing an increasingly larger percentage of the total cost of public school operations, and that some 1,195 teachers in Mississippi did not hold valid teacher certificates in the subjects they taught the major part of the day. The audit also found inadequate budget preparation and control procedures at the school district level and only fair internal control over receipts and disbursements of school district funds. Another problem was nonconformance with MFP regulations concerning payment of teachers.

The Legislature should consider changes in the methods of local funding and the allocation of funds to the districts. Also recommended to be considered were the consolidation of school districts into larger units and the provision for greater fiscal independence to local school districts. A special study to provide a teacher pay increase was included in the report.

16. PERFORMANCE EVALUATION OF THE MISSISSIPPI PARK COMMISSION, June 13, 1974, 31 pages

The audit of the Mississippi Park Commission consisted of a performance evaluation of the commission staff and park operations. Internal controls, finances, purchases, and inventory procedures also were examined.

Significant weaknesses in management and control procedures were noted in the report. In particular, there was some mismanagement in the park construction and renovation program. Some contract construction of facilities was of substandard workmanship, and accountability for construction material was limited. Further, a discrepancy of approximately \$2,500,000 in fixed assets of Park Commission property could not be reconciled. Inefficiency and lack of effective management controls had resulted from park managers having the responsibility of construction and renovation.

After meeting with the PEER Committee, the Executive Director and Chairman of the Park Commission agreed that steps should be taken to improve the internal control and management in the park construction and renovation program.

17. THE CONSTITUTIONALITY OF THE MISSISSIPPI PUBLIC SCHOOL FINANCING SYSTEM IN LIGHT OF SAN ANTONIO DISTRICT v. RODRIGUEZ 411 U.S. 1 (1973), August 8, 1974, 17 pages

The *San Antonio Independent School District v. Rodriguez* case challenged an educational structure dependent on local property taxes. The Supreme Court ruled such a financing method constitutional. Since Mississippi's financing system also was heavily dependent on local property taxes, this report compared this state's system to San Antonio's public school financing system to see if it could have been considered discriminatory.

The criteria by which the Court evaluated the Texas public school system were isolated and applied to the Mississippi public school system. Disparities in education in Mississippi's public schools were comparable to those in other states and were fewer than those of the San Antonio public schools. Since the disparities in the San Antonio schools were not ruled discriminatory, it would seem that on these grounds, discrimination would not exist.

18. A PERFORMANCE EVALUATION OF THE VETERANS FARM AND HOME BOARD, September 16, 1974, 32 pages

The Veterans Farm and Home Board (VFHB) was created to assist veterans in procuring homes and farms. This performance evaluation ascertained the effectiveness of the loan program's administration and reviewed the conformity of the program with legislative intent.

Although a correlation existed between counties receiving a high percentage of loans and counties having representation on the VFHB, it was a result of increased publicity in the counties in which the board members live. VFHB loans should have been

distributed more widely among the eighty-two counties, however.

The VFHB computerized its operations, reduced delinquent accounts, and imposed late fees. The insurance policies held by the veterans were up-to-date. However, refunds from excess premium payments in 1950-1968 were used to make other loan commitments instead of being used to give the veterans a premium holiday or to offset heavy claims experience.

Money paid to the VFHB should be transferred to the State Treasury twice a month to reduce the time that the money was idle. Legislation to allow the VFHB to use savings accounts instead of checking accounts was recommended.

The report concluded that the staff of the VFHB was doing a good job of administering the loan program.

19. INTERIM STATEMENT, LAC INVESTIGATION OF ENFORCEMENT ACTIVITIES OF THE ALCOHOLIC BEVERAGE CONTROL DIVISION, September 26, 1974, 7 pages

An investigation of alleged irregularities in the enforcement activities of the Alcoholic Beverage Control (ABC) Division was the focus of this report. The PEER Committee found that the chairman of the State Tax Commission had exceeded his statutory authority with regard to the administration of the ABC Division. He had hampered the administration and enforcement of the alcoholic beverage control laws and had assumed the authority of the associate commissioners at times. This situation had a detrimental effect on the morale of the ABC Division.

The associate commissioners should adhere strictly to the law and should exercise their full statutory authority in the administration of the ABC Division and in the enforcement of the law.

20. A PERFORMANCE EVALUATION AND EXPENDITURE REVIEW OF THE STATE DEPARTMENT OF EDUCATION, DIVISION OF VOCATIONAL REHABILITATION, October 15, 1974, 48 pages

This report included a review of conformity of the programs with legislative intent; an evaluation of program administration; an expenditure review and an evaluation of the effectiveness of the accounting system used in program administration; and a review of the impact of federal grants-in-aid on the program. Goals and objectives of the program were examined as well as the benefits of the program in relation to expenditures.

Both the administrative structure and scope of services of the Division of Vocational Rehabilitation conformed with legislative intent. However, steps should have been taken to halt decreases in program coverage, in the success ratio, and in clients served and clients rehabilitated. Mississippi's program compared favorably with all comparable programs in the South, except South Carolina. Although the Division of Vocational Rehabilitation (DVR) was well-administered, minimum caseload and clients served/rehabilitated expectations should have been established to encourage better program management and accountability.

The division's accounting system was reliable and provided adequate internal control. Weaknesses in internal control were noted at the workshop level, however. The Committee recommended that someone other than the bookkeeper be involved in keeping workshop financial records. Also, those workshops not maintaining inventory records of incoming contractor products should do so.

The Committee also found unnecessary duplication between the Disability Determination Unit of the DVR and the Department of Public

Welfare concerning medical examinations of applicants for Supplemental Security Income and Medicaid.

21. A PERFORMANCE EVALUATION OF THE ORGANIZATION AND MANAGEMENT OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT INCLUDING A REVIEW OF THE RIGHT-OF-WAY DIVISION, November 12, 1974, 43 pages

This performance evaluation of the State Highway Department reviewed the overall organization and management of the department and evaluated the Right-of-Way Division. Both organization and management were strong areas in the department. A high level of employee dedication was present as well as an effective informal communication system throughout the entire organization structure. Minor incongruities were noted in the implementation of personnel administration procedures.

The department had begun an extensive highway maintenance program. Management officials had access to maintenance program data through the use of a computer designed information reporting system.

Right-of-way plans were well-constructed and timely. However, Highway Department property appraisers, who determine the value of the real estate to be acquired for right-of-way, were paid less than the average salary when compared to similar positions in surrounding states and private industry. The Highway Department and the Classification Commission should review and upgrade the salaries of appraisers.

22. SURVEY II: INTERNAL AND ACCOUNTING CONTROLS AT THE MISSISSIPPI STATE PENITENTIARY, November 15, 1974, 45 pages

This report was the second survey on the internal and accounting controls of the Mississippi State Penitentiary. When the first survey was conducted in May 1973 (see report number 1), the penitentiary had no permanent superintendent. This re-examination was authorized to evaluate internal accounting procedures under the administration of the new superintendent, who took office in January 1974.

Many recommendations had been implemented since the previous survey. In particular, the farm and the penal operations were separated by law in 1974, successfully eliminating many problems. In addition to implementing PEER recommendations in the field of accounting, a firm of consultants had been employed to study the accounting system and to suggest further improvement. Qualified, experienced personnel had been hired since May 1973, and a central warehouse had been constructed with adequate internal controls.

Although a few minor problems remain, the State Penitentiary had accomplished many objectives of the first report.

23. A PERFORMANCE EVALUATION AND EXPENDITURE REVIEW OF MISSISSIPPI PUBLIC JUNIOR COLLEGES, December 16, 1974, 197 pages

A continuation of the PEER Committee's evaluation of public education in Mississippi, this report's purpose was to determine the effectiveness of the utilization of post-secondary educational resources. Other areas of concern included administration, governance, and finance at the state and local levels; curricula; costs; and faculty and facilities

utilization. Of concern also was the compliance of these institutions and their governing boards with existing statutes in the area of operations.

The report noted that the Junior College Commission, along with the State Department of Education, was responsible for state level coordination and supervisory services. However, because of the problems in the statutory composition of the commission, the Committee recommended that the Legislature consider alternatives. To fulfill its statutory duties, the Junior College Division needed at least two additional employees and computer services. Further, the duties of the Director of the Division, also set by statute, created a potential conflict of interest.

Other findings—variance in salaries of comparable junior college administrators, instances of poor utilization of existing academic classrooms, increasingly expensive athletic programs—were detailed, and recommendations were made to correct them. In general, the Junior College Commission should exert more guidance and control over the junior college system.

24. FIRST REPORT ON LEGISLATIVE AUDIT COMMITTEE OPERATIONS, MARCH 19, 1973 THROUGH JANUARY 6, 1975, January 9, 1975, 20 pages

The purpose of this report was to inform the Legislature of the activities of the Joint Legislative Committee on Performance Evaluation and Expenditure Review. Created in March 1973 by SB 1994, the PEER Committee and its staff were authorized to evaluate and make recommendations for improving the efficiency, economy, and effectiveness of state and local government in Mississippi. PEER report recommendations resulted in improved operations and financial management by agencies, examples of which were

given in the report. Other activities of staff members, who were made available to study committees and other task forces, were detailed.

Also included were an organization chart of the Committee and the staff, a list of Committee goals for FY 1974, a statement of revenues and expenditures, and a bibliography of published reports dated November 15, 1974.

25. TAKE-HOME-PAY SAVINGS PROGRAM, January 13, 1975, 13 pages

Originally presented to the Legislature as a teacher pay proposal, this report was a plan to increase the take-home-pay of state and common school employees. It was an alternative to giving state employees a gross salary raise of 7.25 percent. This take-home plan would have eliminated the employee payment to the state retirement fund, thus giving an employee approximately 5 percent more in take-home-pay. The retirement system would have been funded totally by the state under this plan. No further employee withdrawals would have been made after the take-home-pay plan was implemented, thus reducing the total required rate of contribution and resulting in a savings in lieu of a gross raise. Those employees who contributed to the fund prior to implementation of the take-home plan would have received the 5 percent of their salary (plus 1 percent interest) if they ceased working for state government prior to retirement. The tax burden would have been shifted from an employee's working years to his retirement years, and the proposal also would have provided an incentive for an employee to remain in state government.

Objections to the plan outlined in the report were that some pre-retirement state employees would have received lower retirement benefits, that the increase in take-home pay would

have favored the highest salaried employees, and that there would have been no "psychological windfall" when employees left state employment and withdrew their retirement. On the other hand, implementation of the plan would have saved over \$25 million per year in lieu of a gross raise. In addition, future salary increases would have been taxed at a lower rate.

26. THE BOARD OF TRUSTEES OF THE STATE INSTITUTIONS OF HIGHER LEARNING: A REPORT BASED UPON A REVIEW OF THE OPERATING POLICIES AND PROCEDURES, January 20, 1975, 130 pages

The objective of this report was to examine the employment of performance criteria in the management of the institutions of higher learning. An overview of the universities—including an examination of statutory authority, budget and allocation procedures, scope of academic programs, employment of faculty, student enrollment, and facilities' use—was presented.

The board should formulate statewide objectives for supportive and instructional programs to serve as standards of performance and to aid in policy making. The board should insure that resources are allocated efficiently at each institution and that each has a balanced program. For supporting service activities, investment and performance criteria should be set where possible. A more active role should be taken by the Board of Trustees in the review of facilities' construction requests. In addition, a more refined and accurate allocation procedure should be implemented, facilitated by a computerized reporting and information network to compile and analyze comprehensive data.

Other PEER recommendations were to review the universities' catalogs; to standardize course numbers, titles, and descriptions; and to develop a uniform

system to designate the lowest level of graduate credit and highest level of undergraduate credit. The board also should request a comprehensive campus development plan from each institution as well as enrollment targets.

27. OVERVIEW OF EDUCATION IN MISSISSIPPI: ISSUES BEFORE THE PRESENT STRUCTURE OF GOVERNANCE, January 27, 1975, 19 pages

Managerial planning and coordination, the requirement of accountability of the educational system to the people, and the collection of meaningful data for the purposes of management and review were found to be three issues that face state supported education in Mississippi and were the concern of this report. The report also discussed issues noted in previous PEER reports on education. (See report numbers 15, 23, and 26.)

Within the educational system in Mississippi, various segments have worked in relative isolation from each other. Informal consultation did occur, but statewide planning was practically nonexistent. The result was the overlapping of programs and the inefficient utilization of resources. This lack of meaningful planning should be corrected at the governance level. The absence of statewide goals and objectives in turn had deprived the people of Mississippi of standards with which the system may be evaluated. In addition, relevant data for the purposes of management and review was unavailable in standardized form.

28. COST BENEFIT INFORMATION ON PROGRAMS ADMINISTERED BY THE STATE DEPARTMENT OF EDUCATION. January 27, 1975, 29 pages

Cost and benefit data on programs administered by the State Department of Education during FY 1974 was assembled in this publication. Shown

for each of the fifty department programs (sometimes grouped into five major categories) were the total expenditures, employees, authority, manpower, benefit, and cost (by source of funds). Pie graphs portrayed proportional cost and employment statistics for the department. An organization chart of the department was included also.

Except for Vocational Rehabilitation, the department had no performance data or objectives for the programs it administered. The PEER Committee recommended that meaningful information on these programs be released to the Legislature and the public on an annual basis. This information should include the goals of the programs; coverage and size data for past and current fiscal years; objectives for the programs for the next five fiscal years; and the estimated funds required to implement objectives by source of funds.

The report noted that more than 63 percent of the department's work force were employed by the Vocational Rehabilitation program. Federal funds represented 87 percent of the expenditures for Vocational Rehabilitation and more than 65 percent of the department's internal administrative and consultative services program expenditures. Thus, the department relied heavily on federal monies.

29. FISCAL AUDIT AND PERFORMANCE EVALUATION, ALCOHOLIC BEVERAGE CONTROL DIVISION FOR YEAR ENDED 30 JUNE 1974. January 31, 1975, 49 pages

This report contained three sections—a summary of fiscal conditions, detailed financial statements and comments on the balance sheet along with the accountant's report, and an operational review of certain departmental functions and a committee appraisal of them. The first

section also included a short narrative of the financial highlights in 1974 with a brief evaluation of the general performance of the agency.

The PEER Committee found continuity and stability in management within the ABC Division and excellent record keeping in the accounting department. The bailment warehouse, a commercial warehouse authorized by the State Tax Commission to store liquor for the supplier, was operated satisfactorily. The purchasing and warehousing functions were performed efficiently also. In the area of enforcement, ABC agents generally had succeeded in reducing bootlegging considerably. Finally, PEER auditors found that the Permit Section was operated efficiently.

30. MISSISSIPPI LAND COMMISSION: A PERFORMANCE EVALUATION, April 25, 1975, 21 pages

This evaluation of the land office was conducted to determine if the office was operated efficiently, economically, and in compliance with applicable statutes. Agency budgets, annual reports, and job descriptions were reviewed.

The PEER Committee recommended the transfer of the record keeping and record searching activities of the land office to the Secretary of State. No additional personnel would be needed, as the Secretary would be responsible for the office and two of the three land office clerical personnel. The Tax Commission should be assigned the function of determining the validity of tax-forfeited land and processing applications to purchase public lands. One responsible employee would be needed in the Tax Commission to review and sign documents related to tax-forfeited lands. Surveying and classifying sixteenth section lands in the Choctaw lands should be the responsibility of the Forestry Commission, already involved in

sixteenth section land management. Since the land commissioner has been transferring trespass complaints to the Forestry Commission, the commission should be responsible for investigating trespass of public lands as well. Therefore, the Committee recommended that the offices of land commissioner and deputy commissioner be abolished.

31. COUNTY EXPENDITURE REPORT, April 29, 1975, 99 pages

Road and bridge expenditures of each county from 1967 through 1972 were presented in tabular form. This analysis was the third annual update originally submitted to the Legislature by the General Legislative Investigating Committee. No findings or recommendations were included in the report.

32. A PERFORMANCE EVALUATION OF THE MISSISSIPPI SCHOOL FOR THE DEAF, July 21, 1975, 63 pages

The Mississippi School for the Deaf (MSD) is responsible for the education of the deaf children of Mississippi between the ages of three and twenty-one. The report sought to determine if the MSD conformed with the law, with accreditation standards, and with generally accepted management and accounting principles.

Administrative inadequacies at the MSD included lack of a standard operating procedures manual, infrequent inspections of the two MSD campuses by the Board of Trustees, and the appointment of the superintendent for a two-year rather than a six-year term. The Committee recommended that these current inadequacies be corrected. In addition, the salary schedule for teachers should be revised, and teachers should be provided with written contracts. The school did not meet accreditation requirements for teacher certification.

Other PEER recommendations were to upgrade the MSD academic program, to alleviate overcrowded or outworn facilities, to improve supplementary programs (such as medical services and recreation), and to include all revenues and expenditures in future budget requests.

33. A PERFORMANCE EVALUATION OF THE MISSISSIPPI STATE BOARD OF HEALTH, July 28, 1975, 116 pages

The purposes of this evaluation of the Mississippi State Board of Health (SBH) were to determine the compliance of the agency with statutory provisions, to evaluate the effectiveness of the administrative structure, to evaluate the health care resources of the state in relation to the SBH, to conduct a financial management review, and to analyze the control of drugs and medical supplies.

The PEER Committee found that the SBH conformed to provisions in applicable statutes. Although confusion still existed regarding the roles of district health officers and county health officers, the SBH had been successful in providing an effective administrative system. The SBH also effectively administered to the health needs of Mississippians, but a comprehensive health planning agency for the state still needed to be established at the time of this report.

Procedures for budget preparation and adherence as well as internal accounting controls were adequate. Improvements made during this audit helped to correct the inadequate control of stored drugs and other medical supplies at the SBH central warehouse. However, control of drugs and medical supplies at county units remained inadequate.

In the area of sanitation, public health laws contained some weaknesses. Current regulations were difficult to enforce. The SBH needed proper

inspection authority and a legal staff to ease these problems.

34. A PERFORMANCE EVALUATION OF THE MISSISSIPPI FORESTRY COMMISSION, September 3, 1975, 65 pages

The Mississippi Forestry Commission was established to protect and manage the state's forests, which cover 56 percent of the geographical area of Mississippi. The commission provided forest protection, management, and replacement of forests. On agreement with county boards of supervisors, the commission also was to manage forest lands and timber on sixteenth section lands.

The commission and the state Forester, who administers commission policy decisions, were complying with statutory requirements that concern terms of office, qualifications, and authorities and duties. The commission had formulated goals and objectives and had planned adequately to fulfill them. In addition, the state's fire problem was controlled and confined. (Less than 2 percent of the area burned in FY 1974 was protected.)

Among other PEER Committee recommendations were that the Legislature consider replacing the outdated forest harvesting law, that the Forestry Commission continue efforts to enter into forest management agreements as required by law with the boards of supervisors of four counties, and that the commission propose legislation for a statewide system of forest protection. The commission should enforce the landowner agreement regarding the planting, care, and protection of free seedlings.

35. A PERFORMANCE EVALUATION OF THE MISSISSIPPI AIR AND WATER POLLUTION CONTROL COMMISSION, September 15, 1975, 69 pages

The Mississippi Air and Water Pollution Control Commission was established to protect and maintain the state's air and water resources. Operating on a combination of federal and state funds, the commission's purpose was to insure the control of actual or potential polluters, educate the public on environmental issues, and respond to pollution emergencies.

Although the Air and Water Pollution Control commissioners were active in the agency's administrative and enforcement affairs, the commission should be reorganized to increase its technical expertise. This reorganization also would correct the overlapping of authority between the commission and the Oil and Gas Board, whose supervisor is a member of the commission.

Personnel as a whole were equipped adequately, although more safety equipment was needed in the air division. The commission should give more attention to the needs of the air pollution division. In addition, the U.S. Environmental Protection Agency's annual review indicated that the Air and Water Pollution Control Commission was performing in accordance with nationally recognized standards.

36. A PERFORMANCE EVALUATION OF THE MISSISSIPPI GEOLOGICAL, ECONOMIC, AND TOPOGRAPHICAL SURVEY, September 19, 1975, 31 pages

The primary functions of the Mississippi Geological, Economic, and Topographical Survey (MGETS) were to evaluate the state's mineral resources by surface and subsurface studies, to examine and catalog the water resources, to relate the geologic formations to man and his environment, and to disseminate information to the public. The statutory duties were being

fulfilled by the MGETS, except those that would result in prohibitive costs. However, the Geological Survey needed an engineer to assist in evaluating the water resources of the state as required by law. The MGETS drilled exploratory holes and obtained samples at each ten-foot depth to facilitate study of the state's surface geology. The survey was attempting to obtain samples from those wells drilled by private companies or other public agencies in state. Many had supplied the survey with the samples; others had refused to comply.

37. A PERFORMANCE EVALUATION OF THE MISSISSIPPI STATE HOSPITAL AT WHITFIELD, September 22, 1975, 56 pages

This study of the Mississippi State Hospital focused on allegations of brutality toward patients by hospital employees. The PEER Committee determined that the hospital administration did not tolerate abuse of patients. Employees who abused any patient were terminated immediately. In 1974 the administration terminated four persons for patient abuse.

This report also focused on organizational and financial problems of the hospital. The hospital was not accredited, did not qualify for Medicare-Medicaid, and did not meet federal court requirements. The shortage of nurses at the hospital was critical. Management and facility inadequacies were numerous and were discussed in detail in the report.

The PEER Committee recommended the development of additional community mental health centers to help reduce the inpatient population at the hospital. This decrease would help to bring the Mississippi State Hospital up to nationally accepted minimum standards for patient care.

38. A PERFORMANCE EVALUATION OF THE MISSISSIPPI DEPARTMENT OF ARCHIVES AND HISTORY, October 15, 1975, 49 pages

Collecting, surveying, and preserving documents, sites, buildings, and objects of historical importance to Mississippi were found to be the general responsibilities of the Department of Archives and History. Overall, the department was fulfilling its major objectives. In the areas of budget preparation, planning and control, and employee and agency evaluations, the department also was functioning adequately. However, fragmentation did exist among state, county, and municipal agencies and private organizations who performed services similar to those of the department. The PEER Committee recommended a formal draft between Archives and History and these groups to delineate specific services and responsibilities.

Other problems concerned the enforcement of the State Antiquities Act, inadequate salaries for acting supervisors in the Division of Archives and Library, and inability of the Highway Department to provide roadside pulloffs for historical markers. Feasible recommendations to ease these problems were discussed in the report.

39. A RECOMMENDATION CONCERNING THE CONTRACT BETWEEN THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) AND THE MISSISSIPPI STATE BOARD OF HEALTH, October 23, 1975, 6 pages

The propriety and legality of the contract between the State Board of Health (SBH) and the Occupational Safety and Health Administration (OSHA) was the concern of an earlier report issued on August 30, 1973. (See report number 7.) The PEER Committee determined that the contract lacked statutory sanction in Mississippi and that it was not in keeping with

legislative intent. Accordingly, the SBH canceled the OSHA contract. This report provided further information concerning the contract.

The SBH was authorized by state law to provide on-site consultation services to help establish safety and health programs in places of commerce. Although the Code section authorized the SBH to receive federal and state grants for these services, it specifically forbade the SBH to administer or enforce the OSHA Act. However, in June 1975 the SBH entered into a contract with the Department of Labor (OSHA) to administer the program of on-site consultation. The Committee recommended that the state Board of Health cancel its contract with OSHA immediately.

40. EVALUATION OF THE HUMAN RESOURCES DEVELOPMENT, INC. (HRD) REPORT PREPARED FOR THE CITY OF JACKSON, October 23, 1975, 9 pages

The Human Resources Development (HRD) report, prepared by the Human Resources Development group for Jackson, was evaluated in this study. Purposes of the HRD report were to develop a screening system for use by the city in selecting prospective firemen and policemen; to develop a promotion system as an aid in the advancement of employees in the fire and police departments; and to study and recommend improvements in the city's personnel procedures.

On examination of the HRD report, the PEER Committee found that the reporting throughout was vague and poorly organized. Insufficient research, inadequate citation of sources, redundancy, wasted space, and confusion were several deficiencies noted. The HRD report did not achieve any of its main objectives fully nor did it estimate costs of the numerous recommended changes in city operations.

41. A PERFORMANCE EVALUATION OF THE STATE MINERAL LEASE COMMISSION, December 1, 1975, 30 pages

The State Mineral Lease Commission, a five member ex-officio board, was established to conserve, protect, and explore the natural resources of Mississippi's public lands. Through the leasing of state lands to individuals, independent oil operators, and major oil corporations, the commission was to convey revenue into the state treasury. This report was an evaluation of the commission's performance in its leasing and conservation duties.

The present structure of the commission and the lack of a full-time staff hampered fulfillment of commission responsibilities. The PEER Committee recommended that the functions of the commission be transferred to an existing agency because of the part-time nature of the present organization. The Oil and Gas Board and the Board of Geological, Economic, and Topographical Surveys were similar in function and would be logical choices. Also recommended was the addition of the State Geologist to the commission.

To generate more revenue, a more active program of leasing Mississippi's state-owned mineral resources should be implemented. Other recommendations included improving the commission's accounting system and updating the list of state-owned lands available for lease.

42. A PERFORMANCE EVALUATION OF THE MISSISSIPPI GAME AND FISH COMMISSION, December 8, 1975, 94 pages

The Game and Fish Commission was established in 1932 to perpetuate the state's wildlife through habitat management, research, protection and propagation of particular species, and

enforcement of federal and state laws. This primary goal was being attained, as evidenced by the increased hunting and fishing demand and increased or stabilized wildlife populations. Most programs of the commission had been successful in accomplishing agency objectives. However, stated priorities were not reflected in expenditure of funds or assignment of personnel.

The PEER Committee made several recommendations for improvements in various areas. Among these were: (1) the Legislature should remove the residency requirement for conservation officers, (2) all employees except the director of conservation should be removed from statutory salaries, and (3) the commission should establish an effective method of control over field personnel.

43. A PERFORMANCE EVALUATION OF THE MISSISSIPPI STATE BUILDING COMMISSION, December 17, 1975, 141 pages

According to statute, the Building Commission had been charged with the engineering, design, and construction of capital improvement projects funded by legislative appropriation to state agencies. The commission also coordinated major repair and renovation projects funded by state appropriations. All new construction projects were contracted to architect/engineers for engineering and design and to construction contractors for the actual building. Capital improvement projects contracted by the commission were at their highest levels in history; however, commission staff had not been increased to accomplish the heavier workload.

The accounting and financial control system was seriously deficient, and the current system of contract document management and administration was weak and ineffective. Some state agencies and institutions were contracting separately

with architect/engineers and construction contractors at costs higher than Building Commission rates. In general, there was minimal accountability for the money in land investments and capital and plant expenditures. Further, duplication, overlap, and division of effort existed in areas of facilities' maintenance responsibility and real property accountability.

The PEER Committee recommended that the state designate one agency to provide management overview of state-owned lands and facilities. The agency would be involved with all aspects of property management and would provide the Legislature with complete information on property management. By statute, the agency would develop management policies and procedures that would insure the most efficient and economical utilization and care of state-owned property. The final chapter in the report detailed a property management concept that would accomplish these objectives.

44. A REPORT ON MISSISSIPPI'S PER CAPITA INCOME, December 19, 1975, 19 pages

This report provided data on Mississippi's economic position in the United States. The tables included in the report were Total Personal Income; Per Capita Personal Income; Per Capita Income: The U.S. and Mississippi Compared; Per Capita Income: The Southeast and Mississippi Compared; Per Capita Income Increase, 1967-1974; A Comparison of Sources of Personal Income by Industry, 1974; and A Comparison of Sources of Personal Income by Type, 1974. In general, Mississippi had lost ground to the Southeast and the U.S. in per capita income since 1967. The PEER Committee recommended that a new effective course of action be implemented, since previous action had been fragmented, competitive, and disorganized.

45. A PERFORMANCE EVALUATION OF THE MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY, January 2, 1976, 112 pages

The purposes of the Department of Public Safety are to enforce certain laws for protection of the people from negligence of others and from criminal attacks and to insure freedom of movement and enjoyment of the state highway system; to provide emergency services for restoration of order and control in the event of natural disaster or civil disorder; and to provide technical assistance to other enforcement agencies for application in all phases of the criminal justice system.

This evaluation was conducted to determine the functions, effectiveness, and managerial operation of the department and to relate its activities to the overall system of law enforcement in Mississippi. The PEER Committee found that the department's leadership had broad experience, its personnel had excellent training, and its equipment in most respects was second to none. Some internal improvements could be accomplished administratively, however. Recommendations were made in areas where the statutes seemed unnecessarily restrictive or needed updating. Suggestions included redesigning the department's organization structure, improving staff management and coordination with other enforcement activities of motor vehicle inspections, and lifting restrictions on the size and power output of engines in patrol cars and restoring the use of high performance engines.

46. A PERFORMANCE EVALUATION OF THE MISSISSIPPI MARINE RESOURCES COUNCIL, January 7, 1976, 19 pages

The Marine Resources Council, composed of sixteen members who are appointed by the Governor and who represent various segments of industry,

government, and academic institutions, was established to provide for efficient, effective, and economic development of marine resources. In addition, the council was created to carry out a continuing study of the science of oceanography and develop a long-range oceanographic program for Mississippi. The Legislature assigned administrative responsibilities for the Coastal Wetlands Protection Law to the Marine Resources Council. The council also was to develop a management plan for the Coastal Zone Management Program, a federal-state funded comprehensive land/water use and coastal regional development effort.

The report recommended the development of formal agreements of understanding between the council and each of the state and local agencies and institutions on the Gulf Coast. These agreements would specify services offered, areas of jurisdiction, subjects of jurisdiction, and willingness to report matters of concern. Further, as required by law, the Marine Resources Council should develop a long-range oceanographic program.

47. THE TAKE-HOME-PAY SAVINGS PROGRAM: A PROPOSAL FOR INCREASING THE EXPENDABLE INCOME OF STATE EMPLOYEES, February 20, 1976, 29 pages

This report updated the January 13, 1975, report (see report number 25) on the Take-Home-Pay Savings program.

48. A FOLLOW-UP PERFORMANCE EVALUATION OF THE MISSISSIPPI PARK COMMISSION, February 23, 1976, 31 pages

The PEER Committee's initial performance evaluation of the Mississippi Park Commission in June 1974 (see report number 16) revealed a number of weaknesses and problems. This follow-up performance evaluation again pinpointed specific problems in

management and financial control procedures.

After analyzing the problems, the Committee recommended that the Legislature address the need for reorganization of the agency and consider alternatives for more effective management and accountability. Until the Legislature has reviewed the Park Commission's construction program, the Building Commission should not award any more contracts for park construction. Legislation should be enacted permitting only the Building Commission to contract for construction regardless of the source of funds. The function of the Park Commission should be to provide policy and planning guidance in the development of park facilities.

49. AN OPERATIONAL AUDIT OF THE FOOD STAMP PROGRAM IN HINDS COUNTY INCLUDING AN EXPLANATION OF STATEWIDE FRAUD DETECTION PROCEDURES, February 27, 1976, 57 pages

This audit was conducted to evaluate the services provided to clients in Hinds County and to determine the effectiveness of the present method of detecting client fraud. PEER auditors found a high turnover rate among eligibility workers. To ease their workload, workers should be provided with such practical aids as adding machines and should have more privacy when interviewing clients. Appointment procedures should be altered to service more clients.

Client fraud was found to be one source of over 85 percent of food stamp over-issuance. In Mississippi, clients suspected of receiving over-issuance owed over \$774,000 to the Department of Agriculture. The rate of detecting and reporting client fraud was found to be unsatisfactory in Hinds County. It may be necessary to establish a permanent and separate fraud division.

Other recommendations for improving the food stamp program in Hinds County were detailed in the report. Through analysis of available data, staff members determined population characteristics of participating households as well as patterns in certification, participation, and coupon costs. This information may be found in the appendixes of the report.

50. A SPECIAL STUDY OF THE MISSISSIPPI DRUG EDUCATION PROGRAM, March 22, 1976, 33 pages

The drug education program in Mississippi was established under the auspices of the state Board and Department of Education. The department was made responsible for assisting school districts in developing, administering, and evaluating the program. The program itself has involved the training and work of drug education specialists. These specialists have directed their efforts toward students (in both public and nonpublic schools), adults, and community organizations. Specialists have done some teaching themselves, planned curricula, and worked with the other classroom teachers.

This evaluation concentrated on the program's overall success, its division of emphasis between school and community, its compliance with legislative intent, and its finances. In the first area, the Department of Education should formulate and put into effect a definite system for evaluating the drug program to determine its success. As far as emphasis between school and community is concerned, drug education specialists should concentrate more heavily on community activities during those months when school is not in session, especially since they are paid on a twelve-month basis. In the third area, a serious ambiguity has existed concerning the role of the drug education specialist, partially because

the law has not clearly specified who is to bear the responsibility for counseling and who for teaching. The advantages of flexibility of the role versus the advantages for clear definition should be determined.

In the area of finances, drug education specialists should be paid as regular teachers unless their summer months are occupied with activities related to community service. If salaries and the supporting services allotment were reduced and training reimbursement and tuition were limited to new employees, the budget request for the drug education program could be reduced by \$741,703.

51. AN ANALYSIS OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT CORRIDOR PROGRAM AS OF FEBRUARY 29, 1976, April 2, 1976, 15 pages

The issuance of \$600 million in bonds was authorized by the Legislature in 1972 to develop a network of seven four-lane traffic corridors. The completion of these seven corridors was complicated by rising construction costs and lower tax revenues.

This report described the status of the highway corridor program as of February 29, 1976. Schedules and narrative dealing with construction, expenditures, and revenues to date as well as three possible projections over the life of the program comprised the first section of the report. The second section was a series of strip maps of the corridor system prepared by the State Highway Department and recompiled by the PEER Committee to include cost information.

52. AN EVALUATION OF SELECTED AREAS OF OPERATION AT MISSISSIPPI STATE PENITENTIARY, April 9, 1976, 48 pages

This report was the third review of business operations at the penitentiary. (See report numbers 1 and 22.) In order to comply with legislative mandates and PEER Committee recommendations, massive changes needed to be instituted. Improvements had been made in some areas; however, other specialized problems still existed. This report included a chapter on administration of the earned time laws and a section in which data related to operating costs per inmate was compiled.

PEER Committee recommendations included the revision and adjustment of goodtime records to correct prior mistakes that had resulted in excess goodtime credit. Internal controls in both the main and camp canteen were still weak and could have been strengthened through implementation of recommendations in this and previous reports. The purchasing operation at the penitentiary had been improved.

53. AN INVESTIGATION OF THE THREE RIVERS PLANNING AND DEVELOPMENT DISTRICT, May 12, 1976, 57 pages

The primary objective of the Three Rivers Planning and Development District (TRPDD) was the formulation of an overall economic development plan for the district. The report noted that it was a nonprofit organization and that ten planning and development districts served Mississippi. The Three Rivers District encompassed Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc, and Union counties. The planning and development districts were funded mainly by federal grants and in practice were largely autonomous. However, they were created by state statutes and executive

order of the Governor, and so were subject to state level control.

The financial records of the TRPDD were audited by a CPA who monitored its basic grant from the Appalachian Regional Commission. No audits were made by any CPA or agency or any other grants received by Three Rivers. Neither the federal government nor the state provided effective control over Three Rivers or any of the ten planning and development districts.

In addition, PEER auditors found that two employees at Three Rivers during the past two years received excessively large salaries. The Executive Director also appeared to have been receiving improper payments.

54. A PERFORMANCE EVALUATION OF THE MISSISSIPPI SURPLUS PROPERTY PROCUREMENT COMMISSION, June 14, 1976, 52 pages

The Mississippi Surplus Property Procurement Commission (MSPPC) was created in 1948 to negotiate with any appropriate agency of the U. S. government in securing surplus material at no charge. The commission was to be responsible for distributing this property to eligible state agencies at a minimal cost. Operational funds for the MSPPC were generated by the nominal charges on the surplus items.

The MSPPC conformed with applicable federal laws, but there was a discrepancy between state statutes and the Surplus Property Utilization Manual concerning which agencies were eligible receivers of surplus property. The present administration's management policies were adequate, and communication with eligible receivers was sufficient concerning currently available surplus property.

Deficiencies identified were some lack of control in the area of expenditure control; inadequate inventory control in the areas of

receiving, warehousing, and shipping; and the non-recording of values for surplus property on the commission's balance sheet.

55. MISSISSIPPI STATE HIGHWAY DEPARTMENT CONSULTING ENGINEERING CONTRACT FOR TENNESSEE-TOMBIGBEE BRIDGES, August 23, 1976, 43 pages

Enacted in 1976, HB 1475 provided for construction and financing of structures to cross the Tennessee-Tombigbee Waterway and serve five existing federal highways and five state highways. The State Highway Commission was delegated the responsibility of construction by this law. Frankland and Lienhart, Consulting Engineers, were employed by the commission to assume full responsibility for the design, planning, engineering, and construction supervision of the ten bridges authorized in HB 1475.

Upon analysis, the contract was not in the public interest nor did it comply with legislative intent. The two members of the commission who voted to execute the contract acted in violation of Highway Department standard operating procedures and commission orders. Further, the feasibility study required by HB 1475 was not undertaken. The PEER Committee recommended that the contract be rescinded and that the department do the engineering work in-house. This would result in a savings to the state of \$2,588,000.

56. A TIME AND MOTION STUDY OF MAINTENANCE EMPLOYEES OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT, August 27, 1976, 20 pages

A six-week time and motion study of the Highway Department's maintenance work force was the focus of this report. Work crews of the

department in seventeen counties were observed by PEER auditors. Crews were observed continually throughout the workday if weather conditions permitted work. Total observation time was classified as either work time, break time, slack time, or travel time.

Although there were exceptions. Highway Department management had not obtained maximum efficiency from maintenance work crews. PEER auditors noted that productivity was higher among crews when the foreman was present. Auditors also determined that the unproductive work time was costing annually over \$400,000. The PEER Committee recommended that the department institute a system in which inspection teams of district and state office personnel would continuously review maintenance work crews and compute time and motion data. Maintenance superintendents should make more frequent on-site inspections of crews, and foremen should make at least one random, unannounced visit at each county work site each day. In addition, the Classification Commission should conduct an analysis to determine if excessive maintenance positions have been authorized.

57. A PERFORMANCE EVALUATION OF THE OFFICE OF THE MOTOR VEHICLE COMPTROLLER, September 1, 1976, 105 pages

The Office of Motor Vehicle Comptroller (MVC) has responsibility for three basic programs: (1) collection of revenue (petroleum and privilege taxes); (2) safety inspection of liquefied compressed gas equipment; and (3) administration of the motor vehicle title act. Each of the three areas of operations was examined during the performance evaluation.

PEER auditors found many deficiencies and inconsistencies within the MVC. Travel reimbursement abuse, salary classification inconsistencies, and lack of written operating procedures for

both internal and external use were problems noted. Elimination of travel cost abuses would save annually about \$500,000. Also hampering the MVC's effectiveness and efficiency were an antiquated accounting system and several unproductive positions. Abolition of these eighteen unproductive positions would provide additional revenues annually of about \$230,000. In addition, improvement of portable scale effectiveness would save annually approximately \$1 million.

The PEER Committee recommended that the Office of Motor Vehicle Comptroller be abolished and the responsibility for its major programs transferred to existing agencies.

58. MISSISSIPPI HIGHWAY COMMISSION: EVALUATION OF POLICY OF PIECEMEALING HIGHWAY CONSTRUCTION AND RECONSTRUCTION WORK, October 22, 1976, 28 pages

The PEER Committee surveyed 622 road construction and reconstruction projects awarded between January 1970 and July 1976. The project planned length and amount of low bid were obtained on each project surveyed to determine cost per mile. The survey revealed that the Mississippi Highway Commission had adhered to a policy of awarding shorter-than-optimum projects. The result was an increased cost per mile of construction/reconstruction. This report discussed the causes and effects of this piecemealing policy and suggested corrective measures.

The policy of piecemealing road construction work was found to have cost the state a minimum of \$30 million over the last five and one-half years. Assuming the total corridor construction cost of \$1 billion, by awarding longer construction projects where possible, the commission could save about \$70 million.

59. A REPORT ON THE CONSTRUCTION OF THE MISSISSIPPI STATE FIRE ACADEMY, October 25, 1976, 21 pages

Money was appropriated by the Legislature in 1974 for construction of a State Fire Academy. Construction began in January 1975 and was completed and accepted by the Building Commission in May 1976. PEER auditors found major parts of key facilities either inoperable or inadequate for their intended purposes. The architect's insufficient testing and research resulted in problems at certain facilities, particularly at the fire training building. The poor conditions also could have been generally attributed to the Building Commission, which failed to review and approve final plans and specifications properly, and the contractor, whose faulty construction already had necessitated major repairs.

The Committee recommended that the Building Commission require all undesirable conditions at the academy resulting from inadequate design or construction to be corrected immediately at no further cost to the state. Hereafter, the Building Commission should see that designed facilities meet the functional needs of the users in the most efficient and effective manner.

60. LEGISLATIVE AUDIT COMMITTEE CASH MANAGEMENT PROCEDURES OF MAJOR REVENUE AGENCIES, November 29, 1976, 45 pages

This report discussed and made specific recommendations concerning cash management procedures in the state's two major revenue collection agencies, the State Tax Commission and the Motor Vehicle Comptroller's Office. Information in the report was compiled from records of the two agencies.

Unnecessarily large sums of money were found to be kept in demand, or non-interest-bearing, accounts. This

practice had resulted in a loss of interest income and thus, a loss of revenue for the state. Earlier settlement with the State Treasurer of Tax Commission funds would have resulted in additional interest income of approximately \$880,000. The Legislature should consider enacting legislation to provide for daily settlement with the State Treasurer by the major revenue agencies.

61. A PROPOSAL FOR A MISSISSIPPI SUNSET LAW, December 3, 1976, 14 pages

Sunset laws were established to provide a system for terminating, continuing, or re-establishing state agencies, boards, or commissions. Sunset laws would automatically terminate a state agency, board, or commission after a certain number of years unless that body was recreated by law. The agency would appear at a public hearing before a joint legislative committee during the terminal year to demonstrate its need for continued existence. The committee either would recommend that the agency be terminated or that it continue to operate for a certain number of years. This resolution would be voted on by both houses and sent to the Governor.

Not only would a sunset law help to curtail the growth of state bureaucracy, it would abolish useless and inefficient agencies, boards, and commissions which cost the taxpayers money. In addition, it would allow greater legislative oversight and private accountability. Overlapping or duplication of programs could be eliminated, thus streamlining state government.

The PEER Committee recommended that the Mississippi Legislature adopt a sunset law. This report outlined specific elements and stipulations of such a law and provided a suggested timetable for sunset review.

62. A PROPOSAL FOR PROGRAM BUDGETING. December 14, 1976, 43 pages

This proposal for program budgeting was presented to the Commission of Budget and Accounting by the PEER staff on October 28, 1976. The Committee recommended adoption of a program budgeting system for the state effective FY 1979.

Under the system in effect, budget authority was expressed in terms of means, such as personal services, commodities, etc., rather than in terms of ends or intended benefits. Objects were emphasized; programs were ignored. Under the program budgeting system, each agency would submit a budget for its individual goal-oriented activities. Thus, the Legislature would be considering the objectives, costs, and accomplishments of state programs as well as specific items of expenditure. The report detailed a suggested program budget format for a hypothetical agency. Included were a model narrative analysis of the agency and a model appropriation bill.

63. A SPECIAL AUDIT OF CHANGES IN 1975-76 MINIMUM PROGRAM UNIT TEACHER ASSIGNMENTS, December 17, 1976, 43 pages

At the request of a member of the Legislature, PEER staff audited actual teaching assignments of 277 selected public school teachers paid from Minimum Program funds. The purposes of this special audit were (1) to provide an explanation of the process used by the state Department of Education in preparing the Minimum Program budget request; (2) to determine discrepancies in source documents submitted to the department by the 151 school districts for obtaining Minimum Program funding; and (3) to explain the confusion surrounding the Minimum Program budget during the 1976 Session.

Based on its findings, the PEER Committee recommended that the Board of Education review this report and take appropriate action against the districts involved in teacher assignment discrepancies after consideration of the explanations of the superintendents involved and the opinions of the State Department of Education. The Committee also recommended that the Department of Audit include a review of reported teacher assignments in its annual post-audit of school districts. A similar review should be conducted by CPAs auditing the separate districts. Finally, if this were not possible, the Committee recommended hiring a special auditor and a small staff to make audits as requested by the majority of the Board of Education.

64. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF AGRICULTURE AND COMMERCE, December 24, 1976, 45 pages

The Mississippi Department of Agriculture and Commerce has devoted most of its time to the promotion, regulation, and inspection of various agriculture related industries. The regulatory duties were established to insure that Mississippi's farmers were buying quality seeds, feed, and fertilizer; insure that the public received only wholesale meat and dairy products; prevent the spread of infectious diseases among animals; guarantee that agricultural products were properly labeled; and to insure that weights and other measures were fair and accurate.

The PEER Committee found the department to be adequately discharging all regulatory duties. Several recommendations in the areas of management and personnel were detailed in the report, especially in the Market Development Division. A major recommendation of the PEER Committee was the abandonment of state meat inspection in favor of total federal inspection. The department could save

annually, with no loss of services, about \$540,000.

65. A PROGRAM EVALUATION OF THE MISSISSIPPI STATE VOCATIONAL-TECHNICAL DIVISION, January 10, 1977, 186 pages

This study of vocational-technical education in Mississippi involved (1) an evaluation of the State Division of Vocational-Technical Education, (2) an evaluation of secondary and post-secondary vocational-technical programs, (3) a series of surveys designed to measure results of vocational-technical education in Mississippi, and (4) a review of financial resources. Among the findings and recommendations resulting from the evaluation of the State Division of Vocational-Technical Education were that some supervisors were not meeting on a regular basis with vocational instructors and that some vo-tech programs did not have enough supervisors to meet their needs; that the evaluation method of the State Advisory Council should be restructured to eliminate ineffectiveness; and that state and local public relations should be improved.

Review of secondary and post-secondary programs revealed several problems in the areas of administration and instructor responsibility. Counseling and remedial functions were discussed in detail as were the relevance of statewide program offerings, special innovative programs, and academic/vocational relations.

The financial review included an analysis of FY 1976 Vocational-Technical expenditures, FY 1978 Vocational-Technical budget request, state Minimum Program FY 1976 vocational allotments, State Advisory Council FY 1977 budget, and the Research Curriculum Unit FY 1976 budget.

66. AN ANALYSIS OF DISTRICT CLASSROOM TEACHER SALARY SCHEDULES IN MISSISSIPPI AND DISTRICTS IN ELEVEN OTHER SOUTHEASTERN STATES FOR THE 1976-1977 SCHOOL YEAR, January 10, 1977, 126 pages

Each of the 1,735 school districts in twelve southeastern states (including Mississippi) was surveyed by the PEER staff. The results compared 1976-77 current year salary schedules rather than actual average salaries paid to teachers, since variations in experience and degrees held among the teachers would have made the average actual salary misleading. Current annual expenditures and average daily attendance figures for 1974-75 were obtained for each sample district.

Table I in the report compared average salary schedules of districts responding in Mississippi with the average salary schedule of the eleven other southeastern states surveyed. This table showed that Mississippi teachers with bachelor's degrees, with master's degrees, and with master's degrees plus thirty hours were below the southeastern regional average. Classroom teachers with doctorates were very near or above the southeastern average, although most occupy administrative or supervisory positions. Average salary increments for years of teaching experience in Mississippi were consistently higher for all categories of teachers and increased at a faster rate than the southeastern average.

Table II compared average 1976-77 teachers salary schedules in Mississippi with southeastern districts that spent approximately the same amount per pupil in 1974-75 as did the average district in Mississippi during 1974-75. Average salary schedules for bachelor's, master's, and master's plus thirty hours teachers in Mississippi were below those of districts with comparable current expenditures per pupil in the southeastern region.

67. A PERFORMANCE EVALUATION AND EXPENDITURE REVIEW OF THE DEPARTMENT OF YOUTH SERVICES, January 25, 1977, 100 pages

The Department of Youth Services (DYS) was created to prevent and correct juvenile delinquency through a statewide comprehensive youth services program. PEER auditors found the two planning documents to implement this program inadequate. In-house evaluation was inadequate also, one reason being that no DYS staff member was trained in the techniques of planning and evaluation. The PEER Committee recommended that DYS request the Classification Commission to modify job descriptions of certain personnel to include formal training or experience in program planning and evaluation. DYS should formulate a comprehensive state plan for youth services and facilities' development.

DYS should identify operational objectives for program activities and collect data for each objective. Since coordination between institutional and community programs was weak, guidelines should be established for interaction between the Division of Juvenile Correction Institutions and the Division of Community Services. In the area of personnel management, DYS should institute policies which provide more incentive for academic advancement and which are competitive with similar positions in other agencies. Also, a systematic staff training program should be instituted. Reliable statistical data should be assimilated to evaluate staff performance.

Serious problems existed in the state's two training schools, Oakley and Columbia. Both schools relied heavily on nonprofessional members of the staff, some juveniles had not been placed properly in the institutional environment, and services offered in the institution frequently were not continued by the community once a student was released. These problems

and suggestive corrective measures were detailed in the report.

68. ADDENDUM TO CASH MANAGEMENT REPORT, January 26, 1977, 7 pages

This addendum was issued by the PEER Committee in response to allegations made in a letter from the Chairman of the State Tax Commission dated December 20, 1976.

69. AN EXPENDITURE REVIEW OF SOUTHERN MISSISSIPPI PLANNING AND DEVELOPMENT DISTRICT, March 29, 1977, 10 pages

The Southern Mississippi Planning and Development District (SMPDD), a nonprofit corporation of fifteen counties in south Mississippi, was established to provide planning and technical assistance. Information and referral services, transportation, and day care centers for the elderly as well as a senior aids program also were to be provided by the district. Finance, particularly the use of federal, state, and local funds for payment of salaries and expenses, was the focus of this review.

Based on this expenditure review, the committee suggested that SMPDD implement the recommendations made by the CPA firm, which audited each grant at the close of each fiscal year, and the Office of Audits, U.S. Department of Commerce. In addition, the Committee recommended that SMPDD take a physical inventory to be placed on its computer system and make certain all expenditures were fully documented. An agency or commission should be established to oversee and assist the ten planning and development districts in the state. Further, it was recommended that the State Department of Audit conduct annual audits of each planning district.

70. A SPECIAL REPORT TO THE INTERAGENCY COMMITTEE AND TO THE PRESIDENT OF THE UNITED STATES ON THE COST AND BENEFIT OF THE TENNESSEE-TOMBIGBEE WATERWAY PROJECT, April 1, 1977, 9 pages

Prepared at the request of Mississippi legislative leaders, this report provided additional information on the costs and benefits of the Tennessee-Tombigbee Waterway project.

The Army Corps of Engineers omitted pertinent facts when assessing the benefit-cost ratio. First, government spending for salaries and wages represented a benefit. The Corps of Engineers' computations expressed this as a reduction in unemployment compensation rather than as a positive payroll expenditure. Second, "sunk costs" were not considered. The federal government had spend \$274 million, and nonfederal subdivisions had spent \$12.2 million on this project. Other benefits included (1) the waterway was extremely important as a means of transporting coal; (2) the waterway was a permanent type of project with a useful life expectancy of fifty years; and (3) the waterway will serve interstate commerce rather than isolated economic segments and single states.

In light of this report, the PEER Committee's opinion was that the Army Corps of Engineers substantially underestimated economic and other benefits in relation to cost.

71. A SPECIAL REPORT ON THE MISSISSIPPI SCHOOL FOR THE DEAF, April 5, 1977, 33 pages

This report investigated rumors and allegations in the areas of child abuse, mismanagement, and personnel at the Mississippi School for the Deaf (MSD).

The PEER Committee found no evidence of child abuse during the present superintendent's tenure. This superintendent inherited prior policies, administrative procedures, academic deficiencies, and an atmosphere of disharmony. Although some charges had some basis in fact, they contained many distortions of fact, half-truths, misinformation, and magnifications of events and actions. This controversy overshadowed MSD's primary function, the provision of quality education and care for Mississippi's deaf children.

The Committee recommended that the full powers of the office of superintendent be restored after resolving present controversies. In addition, it was recommended that a comprehensive plan for deaf education in the state be developed.

72. MISSISSIPPI STATE HIGHWAY DEPARTMENT: LIQUIDATED DAMAGES, April 12, 1977, 35 pages

Liquidated damages are charges made by the Highway Department against a contractor at a stipulated daily rate for failure to complete the required work by the specified date or within the stated number of time units allowed. Before a contractor is placed "on damages," both date and allowed time units must have expired. When delay or failure is due to causes beyond the control of the contractor, such as prolonged periods of rain, damages may be waived by the commission, director, or the engineer.

This report examined transactions involving liquidated damages in detail from July 1, 1973, to June 30, 1976. Exception was taken to the release of more than \$486,000 of assessed damages and to the failure to record more than \$380,000 in damages. Releases of \$2,014,000 were not questioned.

It was recommended that the director and his legal staff enforce the

provisions of the Standard Specifications for Road and Bridge Construction to discourage unwarranted delay by a contractor. Action should be taken to terminate a contract when work completed falls short of the amount specified. It also was recommended that the commission designate contract cancellation procedures as a management staff function. Finally, the Committee recommended that damages be released only when supported by facts demonstrated by the engineering staff responsible for maintaining the progress schedule.

73. A SPECIAL REPORT TO THE PRESIDENT OF THE UNITED STATES ON THE COST AND BENEFIT OF THE TALLAHALA CREEK LAKE PROJECT, April 25, 1977, 8 pages

At the request of Jones County legislators and officials of the City of Laurel, this report was prepared to provide additional information on the cost and benefit of the Tallahala Creek Lake project. The President indicated that he would not recommend funding this project because it did not pass benefit-cost calculations of the Army Corps of Engineers.

This report discussed additional benefits of the project. Government spending for salaries and wages was beneficial and was not taken into consideration by the Army Corps of Engineers. Also a great deal of funds already had been invested in the project. If the lake were constructed, these costs could be considered as beneficial. Recreation, water supply, water quality control, and other benefits probably will be more expensive to provide in the future if foregone. The Army Corps also did not consider the real value in protecting adjacent property from flooding.

In light of this report, it was the opinion of the PEER Committee that the Army Corps of Engineers substantially

underestimated economic and other benefits in relation to cost.

74. A PERFORMANCE EVALUATION OF THE CENTRAL DATA PROCESSING AUTHORITY, August 19, 1977, 57 pages

The Central Data Processing Authority (CDPA) was established in 1968 to serve as a central agency for coordination of the development of electronic data processing (EDP) capability and the use of EDP equipment. CDPA was fulfilling legislative intent as it applied to procurement of computer equipment and services and planning and implementation for equipment acquisition. Although CDPA had placed less emphasis on seeking out areas where automation would be beneficial, the authority recently had undertaken to identify those areas.

The Committee recommended that CDPA continue to work with the Classification Commission to standardize job levels and descriptions and that the authority develop a means of better using personnel cost information in the decision making process. CDPA also should revise its rates for computer services to allow recovery of actual equipment cost plus a predetermined amount for equipment replacement. Finally, the PEER Committee recommended that the information confidentiality program be reviewed two to three years from the time of the report to determine compliance with the statutes and adequacy of controls installed.

75. AN ANALYSIS OF THE PARTICIPATION OF MEDICAID PROVIDERS IN THE MISSISSIPPI STATE GOVERNMENT EMPLOYEES DEFERRED COMPENSATION PLAN, August 22, 1977, 23 pages

The deferred compensation plan was created as a tax-free investment

service in which state employees deferred all or a portion of their pay into one of various investment plans. The Public Employees' Retirement System was responsible for the administration and investment of these deferred funds. In the past, only those employed by the state or by any political subdivision of the state could enroll in the plan. However, in January 1976, Medicaid providers were allowed to enroll.

The purpose of this report was to investigate and establish the reasons for the inclusion of Medicaid providers and to see if this inclusion was in keeping with legislative intent. The committee observed that the increase in the total amount of deferred compensation available for investment had enabled the Public Employees' Retirement System to invest in a wider range of investment areas. However, other contractors that serve the state wanted eligibility status as well. If these contractors were allowed to enroll, it was possible that this benefit could evolve into a multi-million dollar tax dodge for contractors currently doing business in the state. In addition, the PEER Committee concluded that legislative intent did not appear to allow for these types of contractors to be eligible to enroll in this plan.

76. A SPECIAL REPORT ON SIXTEENTH SECTION LAND MANAGEMENT, December 5, 1977, 173 pages

Sixteenth section lands are lands held in trust for the support of the public schools. This report examined current sixteenth section land management practices and recommended changes in existing laws and management practices. Recommendations for increasing revenues to school districts from sixteenth section lands also were included.

PEER auditors found that sound trust management principles were not

being followed in many counties in administering the school land trust. In addition, many counties were not receiving fair market rental value from surface leases. Record keeping was inadequate in many counties. Also, existing statutes governing sixteenth section lands often were unclear and possibly contradicted each other. Improved management could increase annual revenues to school districts approximately \$12 million.

The PEER Committee recommended that sixteenth section land be administered according to strict principles of trust management and that local school boards be given total control of and responsibility for this trust. Among other recommendations detailed were that the Land Commissioner or the Department of Education investigate possible instances of mismanagement. All agricultural leasing should be made on a competitive basis for terms of not longer than five years, and no subleasing should be permitted without school board approval. The Committee also recommended that a state educational endowment fund be established from mineral lease proceeds from state-owned lands. Other recommendations and proposed legislation were included in the report.

77. MISSISSIPPI HIGHWAY DEPARTMENT: A COMMENTARY ON DESIGN STANDARDS, March 15, 1978, 47 pages

Design standards, as used in highway engineering, are degrees or levels of highway plans. Design standards were discussed in this report in relation to the corridor system, a proposed network of seven four-lane traffic corridors. (See report number 51, for background on the system.) Because of funding difficulties, lower design standards on the system had been proposed in order to stretch dollars.

After an overall review of cost estimates and proposed changes in design standards, the Committee concluded that the new roads, if built to scaled down designs, would be inadequate within ten to twelve years after completion. It appeared that cost reduction for roadway and bridge design would not yield a real savings.

78. A PERFORMANCE EVALUATION OF THE MISSISSIPPI PUBLIC SERVICE COMMISSION, June 16, 1978, 177 pages

The Mississippi Public Service Commission (MPSC) was created to insure that rates and charges for service were just and reasonable, approved rate schedules were adhered to, service rendered by utility and transportation companies was reasonably adequate, and facilities constructed were required for the convenience and necessity of the public. This report evaluated the MPSC's operational performance in regulating Mississippi's utility and transportation industries. It was divided into two sections—MPSC's regulation of utilities subject to its jurisdiction, and the motor carrier and railroad regulatory enforcement operations administered by MPSC's Department of Transportation. Detailed information was provided on rate regulation, regulation of utility construction, regulation of fuel cost recovery, service regulation, quantitative monitoring of utility operations by the MPSC, and judicial review procedures for the MPSC. After discussion of each topic, major findings and recommendations were presented.

In general, the MPSC lacked the necessary internal expertise to regulate Mississippi's utility and transportation industries in an effective manner. The PEER Committee recommended that the MPSC be organizationally restructured into divisional groupings which would be based on regulatory functions. It was also recommended that nine professional personnel, including an

Executive Director, be added to the existing commission staff. Further, these recommended staffing increases could be funded with existing resources.

79. A REVIEW OF WIDE AREA TELECOMMUNICATIONS SERVICE (WATS) IN MISSISSIPPI STATE GOVERNMENT, June 16, 1978, 22 pages

The purpose of this report was to determine the controls over the use of WATS lines by state employees. The WATS lines either were part of the central telephone service for the State Capitol Commission (Centrex) or were separate lines to various agencies in Mississippi state government.

After reviewing these WATS lines, the PEER Committee found no known controls over the usage of WATS lines by state employees. In fact, substantial abuse of the lines had occurred. Current procedures for billing state agencies through Centrex were inadequate. Further, no readily available record of WATS lines in state government existed. State government's telecommunications systems were fragmented and so did not represent the most efficient or economical usage of telephone communications.

The PEER Committee recommended that all agency heads inform their employees that WATS lines would be used for business purposes only, that on occasions each agency would monitor employees' calls to assure proper use of the lines, and that they should limit the length of their calls. Each agency head should designate someone to make a monthly review of the Centrex printout showing all WATS calls made during the month. The PEER Committee should be provided the results of that review and the extent of the abuse of WATS lines by that agency's employees. Each agency should continue to monitor calls and report abuses to the Committee. Centrex should go to computerized

billing of all WATS lines, and, as soon as possible, state government should authorize the installation of more efficient and economical service on a statewide basis.

80. STATE AID ROAD DIVISION, July 28, 1978, 166 pages

The State Aid Act of 1949 provided aid by the state for construction of a system of roads under the jurisdiction of county boards of supervisors. The act defined state aid roads as main collector and distributor routes that feed into local trade areas or into the state highway network, carry a large volume of traffic, and serve most county and community functions. Any funds provided by the Legislature would supplement funds furnished by the counties for use on the State Aid System.

The current State Aid Engineer, administrator of the State Aid Road Division, acted contrary to legislative intent in the construction program and acted outside legislative authority in the Route Marker Program. The PEER Committee recommended that the State Aid Engineer reinstate and require compliance with the standards of roadway design in effect when he took office and that he terminate the Route Marker Program until properly authorized by the Legislature. The Committee recommended that the State Aid Engineer keep appropriate legislative committees informed of possible effects on State Aid's revenues of changes in the sales tax law. In addition, the county boards of supervisors should be kept abreast of pending legislation and its effects. In the area of accounting controls, internal control over the administrative budget should be improved. Time overruns in construction should be subject to damages, and excavation quantities in the field should be verified. The Committee also recommended that an engineer who was in the Route Marker Program be moved into a district to help

distribute the workload. The districts and the engineers assigned to them should be stabilized. Finally, the Committee recommended that the use of computers to store current information on pay items in construction projects be restored.

81. COUNTY ROAD AND BRIDGE EXPENDITURE REPORT, October 10, 1978, 142 pages

The information in this report updated the 1975 report. (See report number 31.) The first section analyzed county road and bridge expenditures by county expenditure groupings for 1964-1969 and 1970-1975. Each county may be compared and ranked within a specific group by individual line item expenditures for the two consecutive time periods. The second section indicated by county the average annual road and bridge expenditures on particular line items which exceeded state and annual averages on those items.

82. AN EVALUATION OF THE PROPOSAL TO ESTABLISH GOVERNOR'S PRIVATE SECTOR SERVICES (GPSS), INC., December 1, 1978, 44 pages

The Governor's Private Sector Services, Inc. was a proposed nonprofit corporation composed of members of the business community and certain state governmental agencies. If approved by the Department of Labor, GPSS would operate Mississippi's balance of state on-the-job training (OJT) activities mandated under Title II of the Comprehensive Employment and Training Act (CETA). At the time of the report, state level responsibility for administrative overview of the act was in the Governor's Office of Job Development and Training, which contracted its balance of state OJT responsibilities to the Mississippi Employment Security Commission (MESCC). The MESCC also was responsible

for providing CETA services at the local level. This report explored the past performance of the MESC in providing the balance of state OJT services and the planning and development of the proposed corporation.

The PEER Committee determined that no definite organizational structure on which the corporation was to be modeled and operated had been established. Staff had not been hired (except for a director and three marketing representatives), the method of training future employees was indefinite, no office facilities had been secured nor was their location definite, and no detailed line item budget had been established. Extensive and direct gubernatorial involvement in the development, make-up, and operations of GPSS had a negative impact on the proposal. The corporation's employment practices would not be subject to control by the Classification Commission.

A comparative cost analysis showed that MESC could operate the balance of state OJT program with 55.5 percent fewer employees than GPSS and at a 48.8 percent lower administrative cost than GPSS. Therefore, the PEER Committee recommended that GPSS not be the service delivery agent for the balance of state OJT program. MESC, however, should institute immediately all measures necessary to improve its efficiency and effectiveness in providing manpower services.

83. AN EVALUATION OF THE MISSISSIPPI MEDICAID PROGRAM, December 1, 1978, 357 pages

The Medicaid program was operated under the supervision and control of a separate seven-member governing commission, the Mississippi Medicaid Commission. The program was established to provide medical care services for certain economically disadvantaged persons. Eligibility requirements were established by the

state according to federal guidelines for qualifying aged, blind, or disabled persons or families with dependent children. Funding was through predetermined federal-state matching ratios.

A number of other agencies were under contract with the Medicaid Commission to perform specified functions. These agencies were the Department of Public Welfare, Blue Cross and Blue Shield of Mississippi, Inc., and the State Board of Health. These primary contractors and their main contractual obligations were discussed in depth along with detailed recommendations for correction of problem areas. Also analyzed were major medical service operations—health care costs, hospital services, nursing home services, physician and dental services, and pharmacies and drugs. The final section of the report dealt with Medicaid and the future, exploring alternative forms of care and public health education. In general, the report was an extensive analysis of the Medicaid program.

84. A REVIEW OF THE STATE LICENSE LAWS REGULATING COUNTY VENDORS, January 12, 1979, 23 pages

Sections 19-13-71 through 19-13-79 of the Mississippi Code of 1972 established controls over those individuals and companies making substantial sales of property to county governments or repairs to personal property belonging to county governments. Based on an examination of the business records of four companies and discussions with the State Auditor, the PEER Committee felt that the statutes were not effective as written and presently were not being enforced properly. One reason for this problem was impracticalities in the law itself. Another reason was insufficient staff within the Auditor's Office to spot check the business records of the vendors properly as required by the statutes.

The PEER Committee recommended that certain parts of the statutes be amended. The State Auditor would be given the authority to decide the appropriate disciplinary measures to be taken against the license privileges of licensees for violations of the Code. He also would be authorized to employ two additional auditors to spot check, investigate, and audit the business records of vendors. Certain minimum business records would have to be maintained, and a section would be amended to clarify the circumstances under which vendors who made sales to counties in excess of \$1,500 per year would be required to obtain a license. The State Auditor's Office would no longer be required to spot check the records of all licensees annually. To discipline any chancery clerk or board of supervisors who continued to purchase goods or services from a party whose license had been suspended or revoked, a penalty provision would be included in the statutes. Finally, PEER auditors would be authorized to examine the business records of the licensees.

85. STATE INDICATORS REPORT: A SURVEY OF FINANCIAL DATA AND MANAGEMENT INFORMATION RELATIVE TO STATE AGENCIES AND BUDGETARY UNITS, February 20, 1979, 597 pages (2 volumes)

Information in this report was derived from responses to a PEER questionnaire mailed to state agencies and budgetary units in October 1978. The questionnaire accumulated very broad information, ranging from historical percentage increases in agency funding by source to basic agency personnel policies. The report provided a general profile of each agency and quick access to their important characteristics and practices.

Volume I contained an introduction which discussed the purpose of the report and analyzed special problems encountered in compiling the

information. Each major section of the questionnaire was discussed along with possible uses or limitations of the data presented. In addition, major findings were detailed in concise form. Volume I presented questionnaire responses for the following functions: Legislative, Judiciary and Justice, Public Health, Fiscal Affairs, Public Education, Higher Education, and Executive and Administrative. Volume II presented questionnaire responses for the following functions: Hospitals and Hospital Schools, Social Welfare, Agriculture and Commerce, Conservation, Public Works, Insurance and Banking, Debt Service, Local Assistance, Corrections, Special Fund Agencies, Miscellaneous, and Military, Police, and Veterans Affairs.

86. AN OVERVIEW OF THE MISSISSIPPI DEPARTMENT OF PUBLIC WELFARE'S ADMINISTRATION OF TITLE XX OF THE SOCIAL SECURITY ACT, April 25, 1979, 167 pages

Title XX of the Social Security Act was established as a federal funding source for a broad range of social services provided by agencies of state governments. In Mississippi, the state agency designated to administer the Title XX program was the Department of Public Welfare (DPW).

When the program began in October 1975, state officials decided to provide the bulk of services through purchase of service (POS) contracts. These contracts were funded on a matching basis with DPW reimbursing the contractor for 75 percent of the contract cost. The report assessed both the positive and negative elements of purchasing services.

The report also thoroughly discussed DPW's responsibilities in administering Title XX and found DPW's current planning efforts inadequate. In addition, monitoring and auditing of contracts were major deficiencies in DPW's administration of the Title XX

program. DPW was estimated to be two years behind in POS contract auditing.

Finally, the report analyzed the role of the Legislature in Title XX. Issues for legislative consideration which were discussed were method of delivery of Title XX services, allocation of financial resources, and legislative oversight.

The appendixes of the report provided detailed information on the purchase of service contracts with Developmental Learning Associates and Learning Development Corporation.

87. INTERSTATE HIGHWAY NUMBER 20—ITS FAILURES, THE CAUSES, ITS RECONSTRUCTION, June 21, 1979, 29 pages

Failures developed in the roadway surface of Interstate 20 in the Jackson area, resulting in pavement distortions and supersize potholes. This report discussed the causes of the failures and appraised the remedial design currently being employed to reconstruct the damaged sections.

Evidence concluded that the roadway distortions in I-20 were due to an unstable and highly expansive soil (Yazoo clay). Although scientists had found several effective techniques for controlling the activity of Yazoo clay, many theories proven in the laboratory would not be confirmed under field conditions for a number of years. Engineers agreed that the best design criteria available were used to construct Interstate 20 in the 1960's. They also agreed that the methods of correction being used would be 90 percent effective for many years. It was the opinion of the PEER Committee that the damaged sections which were being constructed according to recently developed methods would provide a smooth surface for the life of the surrounding pavement. However, more maintenance would be required as the highway system ages.

88. A FINANCIAL MANAGEMENT AUDIT OF MISSISSIPPI'S PUBLIC JUNIOR COLLEGES, June 21, 1979, 871 pages

The financial management audit of the state's public junior colleges was performed at the request of both houses of the 1978 Legislature. The report presented the findings of the PEER Committee in two ways—in an overview for the entire junior college system and in self-contained reports for individual junior college districts. In addition to presenting PEER findings and recommendations, each of the self-contained reports contained the response of the particular junior college audited.

The main purpose in reviewing the operations of the sixteen junior college districts was to determine the effectiveness of their financial management practices. Since the initial PEER study of the state's junior college system in 1974, improvements had been made in the financial management systems of most of the junior colleges. Positive steps also had been taken towards professionalizing the administrative staffs responsible for managing the financial resources. However, several problems, some of which were encountered in the 1974 study, continued to exist. (See report number 23.)

Major weaknesses still existed in the accounting systems and internal controls at many of the junior colleges. Many junior colleges failed to follow Department of Audit guidelines for accounting system design and depended on Department of Audit personnel to perform normal bookkeeping functions such as year-end adjusting and closing entries and error correction. Use of State Department of Audit guidelines in combination with appropriate internal control mechanisms would eliminate many of the problems encountered.

Another area of concern involved system-wide budgetary procedures of

the state junior college system. The PEER Committee recommended filing budget requests based on actual needs, rather than on revenue availability, to enhance efficiency and effectiveness in the state junior college system.

In addition, all of the junior colleges experienced some difficulty in collecting tax monies from supporting counties in their districts. Many also had significant weaknesses in the planning process associated with their capital expansion programs, which led to instances in which revenues were spent in an inefficient manner.

89. ROUTE MARKER PROGRAM SUPPLEMENTAL REPORT, September 18, 1979, 40 pages

The 1978 PEER report on the State Aid Road Division (see report number 80) included a discussion of the Rural Route Marker Program. The program, designed to identify county roads by number, was addressed specifically in this supplemental report. Areas discussed included status of work at termination (the Commission of Budget and Accounting terminated the program in September 1978); cost of work performed; disposition of equipment, furniture, supplies, and work-in-process files; repayment of ineligible expenditures; and distribution of expenditures.

The PEER Committee recommended that the program not be reinstated under the present administration. Due to overall poor performance, the State Aid Engineer from the engineer improperly spent funds of \$228,998.92. PEER also recommended that the Legislature increase the surety bond on the State Aid Engineer.

90. AN ANALYSIS OF TRUCK WEIGHT ENFORCEMENT BY THE OFFICE OF THE MOTOR VEHICLE COMPTROLLER, September 18, 1979, 63 pages

This report evaluated the effectiveness of Mississippi's weight enforcement effort as administered by the Privilege Tax Division within the Office of the Motor Vehicle Comptroller (MVC). PEER staff inspected stationary and portable scale weight enforcement operations, examined internal records, and consulted transportation and law enforcement experts on the state and national levels.

The initial section outlined MVC's current organization and evaluated the proposed creation of a separate Division of Law Enforcement within the MVC. The second chapter assessed MVC stationary and portable scale operations, while the third addressed several enforcement problem areas such as equipment, employment/terminations, training, and internal controls. Aspects of Mississippi's weight enforcement effort—methods of enforcement, agencies responsible for weight enforcement, fine structures, training programs, and equipment use—were compared to those of selected states in the fourth chapter. The last section investigated certain inadequacies in MVC's statistical reporting procedures. Major findings and recommendations concerning each of these areas were detailed throughout the report.

91. AN EVALUATION OF THE MISSISSIPPI DEPARTMENT OF CORRECTIONS' ACCOUNTING SYSTEM, INTERNAL CONTROLS, AND RELATED OPERATIONS, November 29, 1979, 119 pages

The Mississippi Department of Corrections is composed of three divisions—Technical Services, Institutions, and Community Services. This review was confined generally to

the personnel and comptroller sections in the Division of Technical Services.

The report noted that the division's offices were in two locations—processing activities were conducted at Parchman, and the personnel officer, the comptroller, and the purchasing agent were stationed in Jackson. This separation had created inefficiency and resulted in processing delays. It also had resulted in extensive responsibilities for the assistant comptroller, who supervised the activities of the comptroller's section at Parchman. The Committee recommended that the division be reorganized so that the purchasing agent and the comptroller would be permanently stationed at Parchman.

In the area of system evaluation and internal control, the Committee found procedural difficulties—excessive approvals required in the purchasing and payment processes and breakdowns in the routing of certain forms. Control mechanisms designed into the system were deficient; for example, separation of duties was nonexistent, prenumbered and numerically controlled forms were not used in all operations, and bank deposits were not made daily. To correct these, additional controls should be built into the accounting system, particularly adequate separation of duties. In addition, fidelity bond amounts should be reviewed and increased as needed.

Other areas examined included personnel procedures, warehouse and perpetual inventory systems, travel expenses, invoice documentation, and the canteen and Lake Lodge operations. External programs, satellite programs and restitution centers under supervision of the Division of Technical Services were also reviewed. Recommendations concerning these and other areas were detailed in the report.

92. STATE INDICATORS REPORT: A SURVEY OF FINANCIAL DATA AND MANAGEMENT INFORMATION RELATIVE TO STATE AGENCIES AND BUDGET UNITS, December 7, 1979, 568 pages

Information in this report was derived from responses to a PEER questionnaire mailed to state agencies and budget units in August 1979. The questionnaire accumulated very broad information, ranging from historical percentage increases in agency funding by source to basic agency personnel policies. The report provided a general profile of each agency and quick access to their important characteristics and practices.

Questionnaire responses were presented for the following functions: Legislative; Judiciary and Justice; Executive and Administrative; Fiscal Affairs; Public Education; Higher Education; Public Health; Hospitals and Hospital Schools; Agriculture and Commerce; Conservation; Insurance and Banking; Corrections; Social Welfare; Military, Police, and Veterans Affairs; Miscellaneous; Public Works; and Special Fund Agencies.

93. AN EVALUATION OF THE MISSISSIPPI COUNCIL ON AGING FOOD SERVICE CONTRACTS FOR FISCAL YEARS 1978-1980, December 7, 1979, 126 pages

The Mississippi Council on Aging (COA) was established to administer all federal programs relating to the elderly within the state which are not the responsibility of another agency. An advisory council, whose members were all appointed by the Governor, was created to assist the staff in studying the status of the state's elderly and providing input into new programs. Funds for the various programs were provided mainly from federal sources; state funds accounted for roughly 4 percent of the current operating budget.

The major emphasis of this report was the Title VII nutrition program that provided a noon meal five days a week to some 8,700 citizens aged sixty or older. The COA contracted with ten area agencies on aging (AAAs) for local administration of the programs. The geographical areas of these ten AAAs corresponded to the ten planning and development districts (PDDs) in the state. Thus, the PDDs were generally the agencies that administered the nutrition program in the field.

One area explored in this review was food service contracts. Although the majority of AAAs had elected to come under a statewide contract secured by COA, a few AAAs had not done so because they were able to secure more economical contracts on their own. PEER investigated charges that these AAAs were forced to come under the statewide food service contract. Among other problems, PEER noted that the statewide contract entered into by COA on behalf of the AAAs had not always been awarded to the lowest and best bidder; that the statewide contract then in effect contained provisions which worked to the financial advantage of Mississippi Valley Food Services (MVFS), a vendor toward which COA staff and certain council members had exhibited a marked prejudice for over the years; and that the COA staff established a list of equipment specifications for food heating containers that was tailor-made to fit the type of heating system used by MVFS.

The important relationship between COA and the PDDs, who administer the program in the field, was also explored. PEER found that the COA staff had led the council to believe that only AAAs could contract separately for food services, causing the council to deny the City of Jackson (part of the Central Mississippi Planning and Development District) and Northeast Mississippi Elderly Services their right to sign their own food service contracts in 1978. PEER also noted district favoritism

emanating from the COA as well as conflicting and inconsistent application of program regulations by COA staff. The COA staff encouraged the idea of dropping all meal contracts with the PDDs and instead establishing private nonprofit corporations with which the COA would contract. This would eliminate all local input into program selection and delivery and make COA immune from local criticism of program administration.

Finally, evidence of extensive political action relating to virtually every aspect of COA activity was apparent throughout this investigation. Close associates of the Governor had been and were at the time on the COA staff, and had engaged, while on the job, in activities not related to their job duties which were often of a purely political nature. The Governor had removed and appointed council members at his discretion, even though they were supposed to serve for his entire term of office. Many of the current council members did not represent, or were not the agency selected representative for, those agencies specified in the Code. In addition, several nutrition sites had been used for political purposes such as making speeches, signing petitions, and having political picnics.

94. SUMMARIES OF REPORTS ISSUED BY THE JOINT LEGISLATIVE COMMITTEE ON PERFORMANCE EVALUATION AND EXPENDITURE REVIEW, JULY 3, 1973—DECEMBER 7, 1979, December 7, 1979, 57 pages

This publication summarized each report issued by the PEER Committee from July 1973 through December 7, 1979. In addition to providing annotations, the report contained a chronological listing of PEER publications and an alphabetical index by subject.

95. AN INVESTIGATION OF THE MALMAISON WILDLIFE MANAGEMENT AREA LAND LEASE, February 11, 1980, 17 pages

This report investigated allegations made against the Department of Wildlife Conservation (DWC) and Mr. J. E. Hobgood, Chairman of the Wildlife Conservation Commission. The charges involved a controversial lease agreement between Mr. James Nelms of Vaiden, Mississippi, and the DWC for 933 acres of land comprising the Malmaison Wildlife Management Area. Although PEER found the conflict of interest charges against Mr. Hobgood to be unsubstantiated, there were questions concerning the manner in which the lease was awarded. Several recommendations concerning the lease were outlined in the report.

96. AN ANALYSIS OF INVESTMENT PROCEDURES ASSOCIATED WITH FUNDS OF THE STATE OF MISSISSIPPI, February 25, 1980, 72 pages

Investment procedures associated with funds of the state of Mississippi were evaluated in this publication. Investments made by the Treasurer's office were examined as well as those of state agencies and organizations that invest independently of the Treasurer's office. Assessments were made of the investment procedures associated with three major groups of funds—general and special state funds, special agency funds, and state funds maintained separately.

The report concluded that improvements had been made in the management of investment portfolios due to recent positive legislative and administrative actions (including the enactment of Timely Deposits legislation). However, PEER determined that the state was still not receiving optimal interest income on investments due to the continuing existence of administrative inefficiencies and inadequacies that adversely affect

investment management and the imposition of legislative restrictions governing investment.

97. A PROPOSAL FOR INCREASING LEGISLATIVE AND EXECUTIVE OVERSIGHT OF FEDERAL AID FUNDS IN MISSISSIPPI, February 25, 1980, 91 pages

This publication reviewed the federal grant-in-aid system, its effects on the state in regard to policy and revenue, and specifically the increase of Mississippi's oversight of federal aid distributed to state agencies.

The various forms of federal aid to the states were detailed in the first section. It was noted that Mississippi state government, along with Tennessee, ranked seventh among the ten state governments relying most on federal funds as a percentage of total revenue. The second section discussed the roles of the governors and the state legislatures in the distribution of federal funds. The final section of the report dealt with current oversight procedures of federal funds in the state.

To correct weaknesses identified in the report and to increase both executive and legislative oversight, PEER recommended that a new division be created within the Commission of Budget and Accounting to review all applications for federal funds and make recommendations to the commission, to monitor and keep records of federal funds distributed to state agencies, and to perform fiscal and program audits of federal programs when requested by the Legislature. Additional PEER recommendations were outlined in the report.

98. A SPECIAL FOLLOW-UP REPORT TO THE LEGISLATURE DETAILING STATE AGENCY COMPLIANCE WITH SELECTED BILLS PASSED DURING THE 1978 AND 1979 LEGISLATIVE SESSIONS, February 25, 1980, 91 pages

Eight bills passed during the 1978 and 1979 Sessions were reviewed by PEER. Each bill was evaluated with regard to the progress made toward its implementation and its impact where feasible. Also included were possible recommendations for the Legislature to consider during the 1980 Session.

The legislative bills passed during the 1978 Session which PEER evaluated were (1) Senate Bill 2430, a sixteenth section land reform bill; (2) House Bill 581, which concerns fuel adjustment clauses used by public utilities; (3) Senate Bill 2306, which created the Department of Wildlife Conservation and the Department of Natural Resources; and (4) House Bill 996, which established the Transportation Planning Council. Bills from the 1979 Session selected for inclusion were (1) House Bill 1299, which established the Mississippi Health Care Commission; (2) House Bill 913, which concerned the management of the state's hazardous wastes; (3) Senate Bill 3024, the appropriations bill for Mississippi's sixteen junior colleges; and (4) Senate Bill 2436, which established the Mississippi Ethics Commission.

99. A SURVEY OF STATE AGENCY INSURANCE COVERAGE, March 24, 1980, 81 pages

This report presented information taken from questionnaires which were mailed to all state agencies, junior colleges, and universities. The information concerned the insurance coverage and the companies that carried the insurance for each agency and college responding as well as the annual cost of the insurance to the state of each group. Health, life, workmen's

compensation, fire, automobile, fidelity/surety bonding, and general liability were among the types of insurance surveyed. In addition, the report outlined two alternatives, a self-insurance program and a health maintenance organization, to the purchase of commercial insurance.

100. SPECIAL INVESTIGATION: POLITICAL ACTIVITIES OF MVC EMPLOYEES, April 24, 1980, 76 pages

The purpose of this investigation was to determine if Motor Vehicle Comptroller employees were engaged in political activities contrary to a statute which prohibited MVC employees and officials from engaging in any type of political activity except voting. The report divided political activities into four areas—campaign activities, raffle ticket sales, personnel practices, and ticket voiding. Information in the report revealed that, in general, these political activities resulted in violation and/or inequitable enforcement of state laws, loss of state revenue, low morale of agency employees, and ultimately the deterioration or excessive maintenance of Mississippi's highways. Two public hearings on MVC political activities held by PEER during the latter part of 1979 were the basis for this report.

101. AN INVESTIGATION OF THE PURCHASE OF FUEL IDENTIFICATION DECALS BY THE OFFICE OF THE MOTOR VEHICLE COMPTROLLER, May 29, 1980, 39 pages

This report was the result of a complaint concerning the bidding and purchase of 1980 motor carrier fuel identification decals by the Office of the Motor Vehicle Comptroller. The complaint alleged that the low bidder provided both bid samples and finished decals which did not meet the established specifications. Based on the Mississippi State Chemical Laboratory's independent analysis, neither the bid samples nor the finished decals of the

low bidder met the terms of the bid specifications. PEER recommended that MVC establish objective standards and review procedures for evaluation of technical proposals before receiving bids on any item in the future.

102. AN INVESTIGATION OF THE BENTON COUNTY EARLY CHILDHOOD EDUCATION CENTER, July 29, 1980, 18 pages

Allegations of a conflict of interest on the part of Bonnie June Ayers, Benton County Welfare Director, were the subject of this PEER report. The conflict stemmed from the fact that Mrs. Ayers' husband was a joint owner of the building leased by the Benton County Early Childhood Education Center. As County Welfare Director, Mrs. Ayers' duties included recommending approval or disapproval of major actions of the center to the State Department of Public Welfare.

In the opinion of the PEER Committee, no conflict of interest existed based on the fact that Mrs. Ayers had no control over the center's daily operations or the facilities leased by the center. In addition, PEER found the Department of Public Welfare well informed of the operations of the center and its problems.

103. AN ANALYSIS OF THE INTERNAL CONTROLS OF THE DATA PROCESSING SECTION OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT'S SYSTEMS AND PROCEDURES DIVISION, July 29, 1980, 36 pages

The Systems and Procedures Division has the responsibility of providing computer services to the Mississippi State Highway Department. This examination focused on internal controls of the Data Processing Section within the Systems and Procedures Division. Areas of audit consideration included organization and management

controls, documentation controls, access controls, data and procedural controls, physical security, input and output controls, and processing controls.

In its review PEER discovered several substantial weaknesses in internal controls. For example, employee segregation of duties was not strictly enforced. Program documentation was weak or nonexistent, and physical security of the computer installation was found to be lax. Although the division was performing its established purpose, correction of weaknesses outlined in this report would improve its efficiency and effectiveness.

104. AN EVALUATION OF PATIENT SAFETY PROCEDURES AT MISSISSIPPI STATE HOSPITAL, August 29, 1980, 42 pages

Three fatal accidents involving patients which occurred at the hospital in 1980 were reviewed in this report. These accidents led to allegations of inadequate safety procedures. In evaluating the hospital's safety procedures, PEER generally found them to be uncoordinated. Responsibility for administration of safety programs was fragmented, and current programs were not enforced. In addition, numerous hazard areas—lakes, drainage ponds and ditches, dilapidated buildings, deteriorating silos, and unused heating tunnels in basements of buildings—existed on the hospital grounds. Major factors affecting patient safety were addressed, including such topics as fire protection, emergency services, and disaster planning. Recommendations were presented both for immediate and long-range implementation.

105. A PERFORMANCE EVALUATION OF MISSISSIPPI'S VETERANS' FARM AND HOME BOARD, September 5, 1980, 108 pages

The Veterans' Farm and Home Board (VFHB) was established to aid the state's war veterans through financial assistance in the purchasing of modest farms and homes. This report analyzed in detail the terms and conditions under which veterans' farm or home purchases were made, distributed, and serviced. Particularly emphasized were program abuses resulting from the lack of codified policies and procedures as well as inadequate program publicity.

The first two chapters focused on the organizational and financial structure of the VFHB. The following chapters detailed the procedures followed in the granting of VFHB financial assistance and the problem associated with such procedures. One chapter dealt exclusively with loans made by the VFHB to public officials and state employees. In addition, loan closing procedures and the servicing of active accounts were reviewed. A list of active VFHB accounts was also included.

106. A PERFORMANCE EVALUATION OF THE MISSISSIPPI STATE BOARD OF BARBER EXAMINERS, October 30, 1980, 36 pages

The three-member Barber Board was established in 1930 to license and oversee the activities of barbers, barber shops, and barber schools in the state. In conducting its limited performance evaluation, PEER noted that although the board appeared to collect fees as required by law and attempted to regulate activities in this area, problems did exist in several areas. These included (1) inadequate procedures and maintenance of supportive records regarding the licensing of barbers as well as regulation of the inspection of barber shops and schools; (2) irregular deposits of fees collected; and (3) improper use of funds in the savings

account. Specific recommendations to correct these and other problems were proposed in this report.

107. FY 1980 STATE INDICATORS REPORT: A SURVEY OF FINANCIAL DATA AND MANAGEMENT INFORMATION RELATIVE TO STATE AGENCIES AND BUDGET UNITS, November 21, 1980, 562 pages

As in previous years, a questionnaire was mailed to all state agencies and budget units to accumulate broad information on each. Based on information from returned questionnaires, this report profiled each agency and provided quick access to their important characteristics and practices.

Questionnaire responses were presented for the following functions: Legislative; Judiciary and Justice; Executive and Administrative; Fiscal Affairs; Public Education; Higher Education; Public Health; Hospitals and Hospital Schools; Agriculture and Commerce; Conservation; Insurance and Banking; Corrections; Social Welfare; Military, Police, and Veterans Affairs; Miscellaneous; Public Works; and Special Fund Agencies.

108. AN EVALUATION OF THE GOVERNOR'S OFFICE OF JOB DEVELOPMENT AND TRAINING, December 11, 1980, 46 pages

House Bill 254 mandated that the PEER Committee conduct an annual review of the Governor's Office of Job Development and Training (GOJDT) and report exceptions to the Legislature by December 15. This report presented the results of PEER's FY 1980 evaluation.

GOJDT was primarily responsible for program planning, monitoring, fiscal control, grant administration, and reporting to the Department of Labor (DOL) for all Comprehensive

Employment and Training (CETA) manpower programs in the state. These programs, designated by titles, provided for a wide range of employment and training opportunities.

PEER's review revealed minor flaws in GOJDT operations. Among these were excessive delays in processing monitoring reports, confusion concerning the investigative authority of monitoring teams, and delays in completing quarterly participant eligibility verification reports.

109. EXCEPTIONS TO PURCHASE CONTRACTS OF TEXTBOOKS ADOPTED IN 1978 BY THE MISSISSIPPI STATE TEXTBOOK PURCHASING BOARD INCLUDING A REVIEW OF BOOK COMPANY PAYMENTS FOR BOARD SECRETARY'S EXPENSES, December 11, 1980, 150 pages

This report is the result of a complaint to PEER that in the state's 1978 textbook adoption bids were received and accepted by the Textbook Board to purchase textbooks for Mississippi at prices higher than those at which the same books were being sold in Alabama, Tennessee, and Louisiana.

In the course of its review PEER noted (1) that the executive secretary of the board received free benefits from publishers and others upon attending meetings throughout the country, (2) that the publishers and book manufacturers fund the operations of the Advisory Commission on Textbook Specifications which recommends specifications for textbooks purchased by states, (3) that the executive secretary took action which may have caused the termination of a book representative who complained about the operations of the board, (4) that publishing companies appeared to have an undue influence over the board and its executive secretary, (5) that the board had no controls to assure school districts were not ordering more of a

particular type of textbook than needed, and (6) that the board had adopted textbooks at prices higher than the prices of similar textbooks in other states. It was noted that Mississippi had a later bid date when the copies of textbooks were higher in Mississippi than in other states. Recommendations concerning these findings were presented in the report.

110. SUMMARY OF PROPOSED ECONOMY AND EFFICIENCY MEASURES FOR THE STATE OF MISSISSIPPI, January 5, 1981, 66 pages

This report proposed fourteen measures which, after implementation costs were absorbed, could save the state of Mississippi an estimated \$23,213,377. The areas discussed were:

- Special Hotel Rates for State Employees
- Cost Control Task Force
- Interest on State Investments
- Employee Incentive Pay Program
- Purchasing Restrictions on State Vehicles
- Restrict Commuting in State Vehicles
- Employee Suggestion Program
- Construction of State Agency Offices
- Consolidated Bonding Program
- Surplus Property Office-Forms Management Program
- Long-Distance Telephone Usage Control System
- Productivity Improvement Program
- Energy Management Program

The report briefly explained each measure and provided a projection of income or cost savings if feasible. Where implementation of measures required changes in legislation, the report included proposed legislation in the appendixes.

111. AN INVESTIGATION OF THE SALE OF SAMPLE TEXTBOOKS BY BOARD MEMBERS AND THE EXECUTIVE SECRETARY OF THE MISSISSIPPI STATE TEXTBOOK PURCHASING BOARD, January 8, 1981, 22 pages

During the course of reviewing the State Textbook Purchasing Board's textbook adoption procedures, PEER noted that publishers had furnished sample copies of textbooks to each board member and to the executive secretary of the board for consideration of adoption. Contact with School Book Supply Company (the state depository and a privately-owned business) officials revealed that the company had purchased sample books from the board members and the executive secretary after each adoption. According to School Book Supply's records, it paid a total of \$37,958.50 after the 1976 adoption and \$42,223.33 after the 1979 adoption. Persons paid included Textbook Board members, the board's executive secretary, the state Superintendent of Public Education, and a former Governor's staff member.

In its report, PEER recommended the establishment of restrictions on the number of sample copies provided by publishers prior to adoption, controls to account for these books, and legislation to prohibit state officials or employees from selling or donating copies of sample textbooks to others.

112. A REVIEW OF THE SALVAGE TIMBER OPERATIONS ON THE PASCAGOULA RIVER WILDLIFE MANAGEMENT AREA, February 23, 1981, 98 pages

In September 1979 Hurricane Frederic damaged approximately 50 million board feet of timber on the Pascagoula River Wildlife Management Area (PRWMA) located in George and Jackson counties. Officials of the Department of Wildlife Conservation (DWC), which administers the PRWMA, decided to salvage the damaged timber.

The report reviewed the salvage timber operations on the PRWMA, including improper timber cutting activities that occurred, initial planning and supervision by DWC, and terms of the timber contracts. PEER recommended, among others, that the Attorney General review contract violations and that the DWC develop a comprehensive timber management plan for all state-owned wildlife management areas, with priority to PRWMA.

113. 1980 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 1980, February 24, 1981, 62 pages

This report presented the PEER Committee's 1980 Annual Report to the Mississippi Legislature. It included accomplishments for 1980 as well as major evaluations in progress and projections for 1981. In addition to 1980 activities, the report briefly summarized all PEER reports released since the Committee's creation in 1973.

114. AN ANALYSIS OF CANTEEN OPERATIONS AND RELATED AREAS AT THE MISSISSIPPI STATE PENITENTIARY AT PARCHMAN, May 7, 1981, 61 pages

The canteen system at the State Penitentiary is designed to meet the purchasing needs of its inmates. A Central Canteen, operated by a manager and three clerks, supplies goods to twenty-one inmate canteens. Inmate operators, supervised by the canteen's unit administrator and the Central Canteen Manager, run the inmate canteens, which handle snacks and personal necessities. The Assistant Comptroller of the Department of Corrections is responsible for the supervision of the accounting aspect of the canteen operation. In FY 1980 the canteen operation generated \$434,000 in sales. Considering the large

amount of money handled and current canteen practices, PEER found that opportunities did exist for abuse of the canteen by inmates and the prison administration. In addition, PEER noted weaknesses in the areas of inventory procedures, cash overages and shortages, use of price lists, segregation of accounting functions, use of canteen profits, and management practices.

115. AN INVESTIGATION OF ALLEGED IMPROPER PURCHASING PROCEDURES IN THE BUREAU OF RECREATION AND PARKS OF THE DEPARTMENT OF NATURAL RESOURCES, May 7, 1981, 29 pages

After receiving a complaint from a copying machine vendor, PEER investigated the attempted purchase by the Department of Natural Resources' Bureau of Recreation and Parks of nine desk top copiers for various state parks. The bureau failed to follow proper internal purchasing procedures, did not seek formal bids, used "closed" specifications, and attempted to make the purchase with State Building Commission House Bill (HB) 660 park construction funds in possible violation of legislative intent. PEER recommended that HB 660 be interpreted more closely, that the department's purchasing agent be made responsible for non-construction-related purchases from HB 660 funds, and that the Building Commission and Budget Commission closely coordinate equipment purchases.

116. OVERSIGHT OF LIEU LAND SALES BY THE STATE LIEU LAND COMMISSION, July 2, 1981, 72 pages

School land reform legislation adopted in 1978 requires the sale of 4,200 acres of lieu lands located outside the county of ownership. The lands, granted to county school boards where sixteenth section land was not available, are located in six counties with the bulk, or 63 percent, in Hancock County.

The Lieu Land Commission, composed of the Attorney General and Secretary of State, must initiate the sales mandated by the law beginning July 1, 1981. This report made sixteen recommendations for improving administration of the sales. The commission responded favorably to and has implemented most of these recommendations.

117. A REVIEW OF THE FINANCIAL OPERATIONS OF MISSISSIPPI MEMORIAL STADIUM, November 20, 1981, 36 pages

Since 1960 the Mississippi Memorial Stadium Commission has operated the stadium in Jackson which currently seats 62,500. Its seven members include the Governor, Secretary of State, Attorney General, and four gubernatorial appointees. The stadium's operating budget in 1980 was \$610,537, income generated from amusement taxes on stadium athletic events, debt service surcharges, and concessions. In reviewing the stadium's financial operations, PEER noted several areas of weakness and made sixteen recommendations for improvement.

118. FOLLOW-UP REVIEW OF THE FY 1980 EVALUATION OF THE GOVERNOR'S OFFICE OF JOB DEVELOPMENT AND TRAINING, December 18, 1981, 41 pages

For the annual review of the Governor's Office of Job Development and Training (GOJDT), PEER conducted a follow-up to its FY 1980 evaluation. GOJDT is the balance-of-state prime sponsor for manpower programs established by the Comprehensive Employment and Training Acts of 1973 and 1978. In examining GOJDT's operations, PEER auditors noted some problems in monitoring and verification of participant eligibility.

119. AN ANALYSIS OF SELECTED AREAS OF OPERATION IN THE MISSISSIPPI STATE HIGHWAY DEPARTMENT, December 18, 1981, 101 pages

This report encompassed various areas of Highway Department operations. In reviewing the department's accounting procedures and related controls, PEER auditors noted that not all of the accounts receivable were recorded in the general ledger, internal controls over petty cash and imprest funds appeared weak, and some employees who handled assets were not bonded.

PEER used a statistical sample to verify inventory records. Poor organizational and operational controls were in evidence in the fuel and stores inventory systems. However, as a result of good accounting control in the area of equipment, only 1 percent of the sample items in this inventory could not be located.

In another area, auditors noted that since PEER's 1980 report on the Systems and Procedures Division, the department has implemented only one of six recommendations for improved computer management. The report also examined the areas of liquidated damages and highway maintenance evaluation.

120. FY 1981 STATE INDICATORS REPORT: A SURVEY OF FINANCIAL DATA AND MANAGEMENT INFORMATION RELATIVE TO STATE AGENCIES AND BUDGET UNITS, December 18, 1981, 547 pages

The fourth in a series, the FY 1981 Indicators report provided a broad range of financial and management information concerning the operations of state agencies to the executive and legislative branches of Mississippi state government. As in previous years, PEER staff compiled the information from

responses to questionnaires mailed to all state agencies and budget units.

The report presented questionnaire responses for the following functions: Legislative; Judiciary and Justice; Executive and Administrative; Fiscal Affairs; Public Education; Higher Education; Public Health; Hospitals and Hospital Schools; Agriculture and Commerce; Conservation; Insurance and Banking; Corrections; Social Welfare; Military, Police and Veterans' Affairs; Miscellaneous; Public Works; and Special Fund Agencies.

121. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1981, December 18, 1981, 130 pages

Each of the thirteen tables in this report reflected the 200 state employees or officials with the highest travel expense for each category. The tables listed the state agency or fund title to which the expenses were charged together with the amounts reimbursed. The tables detailed the following expenses:

- Combined in-state and out-of-state travel, all categories
- In-state travel, all categories combined
- In-state mileage
- In-state subsistence
- In-state rented vehicle
- In-state public carrier
- In-state other (miscellaneous)
- Out-of-state travel, all categories combined
- Out-of-state mileage
- Out-of-state subsistence

- Out-of-state rented vehicle
- Out-of-state public carrier
- Out-of-state other (miscellaneous)

The tables did not include several categories of employees and officials. Since the law does not require junior colleges, senior colleges, and a few other agencies to submit expense reimbursement vouchers to the Department of Public Accounts, the tables did not list their employees. The tables also did not include legislative expenses of state legislators because the Department of Public Accounts publishes this information annually.

122. A PERFORMANCE EVALUATION OF THE MISSISSIPPI BUREAU OF NARCOTICS, January 28, 1982, 82 pages

The Mississippi Bureau of Narcotics (MBN) is the state agency responsible for enforcing laws pertaining to illicit street narcotic traffic. This report detailed PEER's evaluation of the bureau's efforts at fulfilling its drug enforcement duties.

Although legally under the supervision of the Department of Public Safety, the bureau has operated as an independent state agency because it has a separate appropriation and the director is appointed by the Governor. Bureau agents are not entitled to twenty-year retirement as are highway patrolmen although agents are engaged in equally or more hazardous duties. Although MBN has received special funds over the years, it has not provided information on such funds for the Legislature's use in appropriating bureau funds.

In the report, PEER reviewed three feasible organizational alternative views regarding the bureau: retain the current system, institute administrative changes to include changing the law to provide

early retirement for bureau agents, or reorganize.

123. 1981 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 1981, February 15, 1982, 69 pages

This report presented the PEER Committee's 1981 Annual Report to the Mississippi Legislature. It detailed accomplishments for 1981 as well as major evaluations in progress and projections for 1982. In addition to 1981 activities, the report included brief summaries of all PEER reports released since the Committee's creation in 1971.

124. AN ANALYSIS OF THE SYSTEM OF BUDGETING AND ACCOUNTING, INVENTORY PROCEDURES, AND OTHER SELECTED AREAS OF OPERATION IN THE DIVISION OF VOCATIONAL-TECHNICAL EDUCATION OF THE DEPARTMENT OF EDUCATION, March 15, 1982, 52 pages

The State Department of Education, Division of Vocational-Technical Education, spent \$42,732,180 in FY 1981, including \$30,406,556 in state general funds. This report discussed problems in budgeting, fund allocations, equipment inventory procedures, advances to local programs, and staff morale. The division circumvented Budget Commission purchasing controls and legislative intent through an unauthorized purchase of two luxury passenger vans. PEER's sample equipment inventory count revealed 52 unlocated items worth \$56,665.

125. A MANAGEMENT REVIEW AND PERFORMANCE EVALUATION OF THE MISSISSIPPI SCHOOL FOR THE DEAF, May 20, 1982, 193 pages

This report evaluated management performance at the Mississippi School for the Deaf, which provided educational services to 262 hearing-impaired residential students in school year 1981-82. PEER noted major weaknesses in financial operations, physical plant maintenance, administrative organization, internal communications, and Board of Trustee operations. The report made appropriate recommendations to correct identified deficiencies and included an extended analysis of citizen boards and commissions.

126. AN INVESTIGATION OF ABUSE AND ABUSE POTENTIAL AT THE STATE'S MENTAL RETARDATION CENTERS, May 20, 1982, 147 pages

This report investigated abuse and abuse potential at each of the state's five residential facilities for the mentally retarded. While the centers had taken many positive steps toward the detection and prevention of resident abuse, shortcomings remained in the system. Most significant was the lack of a comprehensive monitoring structure. In addition, PEER found that the centers did not always follow critical policies and procedures, unlicensed personnel administered medication in certain units, direct care personnel did not properly supervise residents at all times, and three centers were deficient in the areas of fire protection and safety provision.

127. AN INVESTIGATION OF COMPLIMENTARY ATHLETIC TICKET DISTRIBUTION BY STATE UNIVERSITIES, August 19, 1982, 40 pages

The Board of Trustees of State Institutions of Higher Learning (IHL) has

not adopted guidelines controlling distribution of complimentary athletic admission tickets by state universities (except that IHL required universities to furnish complimentary tickets to IHL Board members, former Board members, and surviving spouses). During the 1980 football season, universities distributed 76,611 complimentary tickets worth \$684,356 including 6,411 tickets worth \$60,572 to public officials and staffs. Included in the 6,411 were 3,421 tickets worth \$34,052 received by IHL and staff (including former board members and surviving spouses). Because IHL refused to adopt a controlling administrative policy, the Legislature should accomplish needed restrictions by statute.

128. A MANAGEMENT REVIEW AND PERFORMANCE EVALUATION OF THE MISSISSIPPI DEPARTMENT OF WILDLIFE CONSERVATION, August 19, 1982, 72 pages

The Mississippi Department of Wildlife Conservation manages and protects the state's wildlife and marine resources. Organized in 1979 as the product of four formerly independent agencies, the department oversees nearly one million acres of wildlife habitat concentrated in thirty management areas, twenty lakes, and six reservoirs. While the agency is making progress in managing and protecting wildlife and marine resources, it still must solve several administrative problems. Chief among these are consolidation of required administrative functions, collection of half-fine money from justices of the peace, and adequate internal control over funds from concession and license sales.

129. FISCAL YEAR 1982 STATE INDICATORS REPORT: A SURVEY OF FINANCIAL DATA AND MANAGEMENT INFORMATION RELATIVE TO STATE AGENCIES AND BUDGET UNITS, September 17, 1982, 568 pages

The fifth in a series, the FY 1982 Indicators report provided a broad range of financial and management information concerning the operations of state agencies to the executive and legislative branches of Mississippi state government. As in previous years, PEER staff compiled the information from responses to questionnaires mailed to all state agencies and budget units.

The report presented questionnaire responses for the following functions: Legislative; Judiciary and Justice; Executive and Administrative; Fiscal Affairs; Public Education; Higher Education; Public Health; Hospitals and Hospital Schools; Agriculture and Commerce; Conservation; Insurance and Banking; Corrections; Social Welfare; Military, Police and Veterans' Affairs; Miscellaneous; Public Works; and Special Fund Agencies.

130. AN ANALYSIS OF THE OPERATION OF THE UNIVERSITY OF MISSISSIPPI SCHOOL OF DENTISTRY, December 9, 1982, 168 pages

Since its creation in 1973, the University of Mississippi School of Dentistry has received for its operation \$25,812,471 in state general funds, \$5,692,302 in other funds, enrolled 318 students, and produced 107 dentists, of whom an estimated 68 currently practice dentistry in Mississippi.

The University of Mississippi Dental School, the third smallest dental school in the nation, is a high cost institution which expends 58 percent more than the national average to educate its students and receives more state appropriated funds per Doctor of Dental Science Equivalent than any other dental school in the United States.

PEER noted several inefficiencies including underutilization of clinic space; inadequate control over dental supplies and some equipment items; a lack of effective patient credit and collection procedures; and an inadequately controlled faculty private practice program.

PEER believes that the Dental School should improve its management and reduce its cost of operation and high dependence on state general funds.

131. A REVIEW OF DEVELOPMENTS AND MISSISSIPPI PUBLIC SERVICE COMMISSION'S REGULATORY ACTIONS CONCERNING MISSISSIPPI POWER AND LIGHT COMPANY GRAND GULF AND INDEPENDENCE PLANT DECISIONS, December 9, 1982, 32 pages

For several decades prior to 1970, the electric power industry in general, and the Mississippi Power and Light Company (MP&L) in particular, experienced a period of increasing demand and decreasing rates. During this time, based on optimistic forecasts of future demand, Middle South Utilities planned the construction of massive amounts of new generating capacity, including a nuclear plant at Grand Gulf in Claiborne County, Mississippi, and a coal-fueled plant in Independence County, Arkansas. This report traced the events leading to the decision to construct Grand Gulf and summarized the Grand Gulf hearing before the Mississippi Public Service Commission. The report also reviewed events in Arkansas and Mississippi which led to the AP&L decision to sell Independence and summarizes the three hearings before the Mississippi Public Service Commission (MPSC). The report examined the role of the MPSC staff in both cases and concluded with a discussion of the effect of these decisions on rates.

132. FISCAL YEAR 1982 EVALUATION OF THE GOVERNOR'S OFFICE OF JOB DEVELOPMENT AND TRAINING, December 15, 1982, 26 pages

This report is a follow-up to PEER's 1981 review of the Governor's Office of Job Development and Training (GOJDT) and includes a section on the program effectiveness of the adult CETA programs administered by GOJDT during FY 1982. PEER takes no exceptions in regard to those areas in which a follow-up review was conducted. PEER did conclude, however, that three of GOJDT's CETA components did not prove to be effective in terms of placing CETA participants in permanent employment upon termination from the CETA program.

133. A FINANCIAL AND OPERATIONAL SURVEY OF ELECTRIC POWER ASSOCIATIONS AND MUNICIPAL ELECTRIC UTILITIES IN MISSISSIPPI, January 31, 1983, 101 pages

This survey-based report presents financial and operational data on each of the forty-nine Mississippi-based electric power utilities which are exempt from rate regulation by the Mississippi Public Service Commission. These utilities, which provide electricity to over 500,000 in-state customers, fall into two categories: municipal electric utilities and electric power associations. The report includes size, earnings and debt structure, operation cost, and rate information on each of the utilities surveyed. Also, the report contains rate information on the state's two investor-owned utilities: Mississippi Power Company and Mississippi Power and Light Company.

134. 1982 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 1982, February 1, 1983, 73 pages

This report presents the PEER Committee's 1982 Annual Report to the Mississippi Legislature. It details accomplishments for 1982 as well as projections for 1983. In addition to 1982 activities, the report includes brief summaries of all PEER reports released since the Committee's creation in 1973.

135. AN ANALYSIS OF PROCEDURES FOR ASSESSING VALUE OF PUBLIC UTILITY PROPERTY FOR AD VALOREM TAX PURPOSES, February 11, 1983, 30 pages

The Ad Valorem Division of the State Tax Commission assesses public utility property using the "unit system" in lieu of assessment by local assessors. Deficiencies in current commission procedures allow some properties to escape assessment and taxation including:

1. No independent verification of information submitted by utilities
2. Lack of input from local assessors
3. No reconciliation of data and assessments with property values used by the Public Service Commission and the Federal Energy Regulatory Commission.

136. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1982, February 11, 1983, 153 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$14,678,306 in FY 1982. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P

provide comparisons between FY 1981 and FY 1982. In addition, an index to names in Tables A through M has been added. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables.

137. A MANAGEMENT REVIEW OF THE GOLDEN TRIANGLE REGIONAL MEDICAL CENTER IN THE CONTEXT OF MISSISSIPPI COMMUNITY HOSPITAL LAWS, May 20, 1983, 20 pages

Current laws governing community hospitals are flexible enough to allow governing boards to operate responsibly without restrictions which could hamper medical staff recruitment and compensation. Despite certain questionable expenditures by Golden Triangle Regional Medical Center (GTRMC), the PEER Committee does not recommend any amendments to existing statutes. The State Department of Audit, District Attorney, and Attorney General should continue investigation of any possible illegal acts by GTRMC officials.

138. A MANAGEMENT REVIEW OF THE MISSISSIPPI FIRE ACADEMY, May 20, 1983, 12 pages

The Mississippi State Fire Academy is charged with the responsibility of training and educating persons engaged in municipal, county, and industrial fire protection. From FY 1972 to FY 1982, the Fire Academy trained 28,097 persons. PEER determined that the academy has a continuing dependency on state general funds for its operations. In addition, the academy is conducting an increasing percentage of its courses in itinerant locations at local fire departments. The academy also is not utilizing four of its eight facilities as originally intended.

PEER recommends that the Mississippi State Fire Academy utilize all of its resources at optimum capacity and attempt to generate more of its operating revenue.

139. AN ANALYSIS OF THE OPERATION OF THE UNEMPLOYMENT COMPENSATION DIVISION OF THE MISSISSIPPI EMPLOYMENT SECURITY COMMISSION, May 20, 1983, 21 pages

The Unemployment Compensation Division collects unemployment taxes from liable Mississippi employers and pays benefits to unemployed workers who qualify.

PEER conducted a review in response to a legislative request questioning the validity of certain benefit payments which political subdivision employers are required to reimburse.

This report focuses on the tax collection and benefit payment functions where the employer involved is a political subdivision reimbursing the Unemployment Trust Fund for benefits paid.

PEER determined that reimbursable political subdivisions are statutorily bound to reimburse the Trust Fund. Also, the reimbursement liability of political subdivisions is significantly affected by Department of Labor Standards for benefit payment promptness and the Supreme Court's opinion concerning discontinuing benefit payments. PEER suggests as alternatives that reimbursable political subdivisions may wish to elect other available contribution methods, or the Legislature may wish to consider authorizing political subdivisions to contribute based upon individual employer experience.

140. AN INVESTIGATION OF ALLEGATIONS OF ABUSE AT THE OAKLEY CAMPUS OF THE DEPARTMENT OF YOUTH SERVICES, July 26, 1983, 59 pages

The Oakley campus is administered by the Department of Youth Services as a juvenile correctional facility for older, more sophisticated delinquents. As a result of complaints by legislators about possible abuse of youths at Oakley, PEER conducted an extensive investigation. While Oakley has improved its physical facilities, programs, and staffing in response to the 1977 *Morgan vs. Sproat* court decision, several problems still exist which contribute to abuse, including inadequate staff training; lack of effective supervision of direct care staff; inadequate documentation of operating procedures; lack of individual counseling plans for each student; inappropriate mixture of repeating with first-time residents during orientation; excessive idle-time cottage confinement of students; lax facility and ground maintenance; fire safety problems; access to physical hazards potentially harmful to students including inhalants; and poor security of student personal property. PEER made recommendations for correcting these problems within the department's existing budget.

141. A FOLLOW-UP REVIEW OF THE SYSTEM OF BUDGETING AND ACCOUNTING, INVENTORY PROCEDURES, AND OTHER SELECTED AREAS OF OPERATION IN THE DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION OF THE STATE DEPARTMENT OF EDUCATION, July 26, 1983, 41 pages

This report is a follow-up review to PEER's 1982 report on the Division of Vocational-Technical Education which noted deficiencies in the following areas: budgeting, allocation of equipment funds, equipment inventory and records, acquisition and use of division vans, employee morale, and

fund advances. Improvements were made in the areas of equipment inventory procedures and employee morale; however, in other areas the division did not take corrective action recommended in PEER's 1982 report.

142. A FINANCIAL MANAGEMENT REVIEW OF THE BUREAU OF RECREATION AND PARKS OF THE DEPARTMENT OF NATURAL RESOURCES, August 25, 1983, 47 pages

The Bureau of Recreation and Parks, a division of the Department of Natural Resources, operates twenty-six state parks in Mississippi which provide various recreational facilities for the general public. During FY 1982, the parks' operational expenditures amounted to \$5,428,397, of which 67.1 percent were offset by revenue generated by the parks themselves.

PEER's evaluation of internal controls and management practices of the bureau and individual parks indicated that administrative controls of the bureau are inadequate to ensure adherence to established policies and procedures. Therefore, the bureau is vulnerable to undetected misuse, misappropriation or theft of its assets, including property, vehicles, equipment, resale merchandise inventories, and cash receipts.

This report lists eighteen specific recommendations which will improve management effectiveness and operational efficiency within the bureau and individual parks.

143. AN ANALYSIS OF INVESTMENT PERFORMANCE, POLICIES, AND PROCEDURES OF MISSISSIPPI'S PUBLIC EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 1983, November 17, 1983, 99 pages

Mississippi's Public Employees' Retirement System (PERS) began

operations in February 1953. As of June 30, 1982, the system, which covers state employees, teachers, employees of the state's public schools, junior and senior colleges and, by agreement, employees of the state's political subdivisions and juristic entities, had 119,682 members and total assets for purposes of actuarial valuation of \$1,338,145,614.

In its examination of PERS' investment policies, procedures and performance, PEER staff found that the system's rate of return on investments for the seven-year period ending June 30, 1982, lagged behind other public and private systems and market indices. The staff attributed PERS' poor relative rate of return to the conservatism inherent in PERS' investments law, the conservative philosophy of the Board of Trustees, lack of adequate diversification in portfolio management styles and the system's failure to establish explicit investment goals and to codify board policies and procedures. The report also addresses inadequacies of PERS' annual reports in accurately reflecting the system's investments performance and financial condition.

An addendum to the report discusses significant changes in investment policies and procedures which PERS made during the course of PEER's review as well as an update of investment performance through the quarter ending March 31, 1983. Recommendations contained in this report address several procedural areas that should enhance PERS's investments performance as well as the members' understanding and perception of that performance.

144. A MANAGEMENT AND OPERATIONAL REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF AUDIT, December 8, 1983, 57 pages

The Department of Audit is responsible for annually post-auditing a total of 340 governmental entities. To perform these duties for FY 1982, the

department currently has a staff of 122 auditing accountants located throughout the state and has received \$5,285,987 in general and special funds.

PEER found that the department's systems and procedures for management and quality control are inadequate to promote efficient and effective operation; consequently, the department is not current in conducting audits of entities under its purview. As of September 15, 1983, only 44 (12.9 percent) of the 340 entities had been audited every year through FY 1982. The department is delinquent for 581 fiscal audit years. Also, audit fee limitations set by statute, and ineffective billing and collection procedures, deprive the department of the timely use of non-state, local funds. Finally, the department is not consistent in complying with generally accepted auditing standards.

This report recommends statutory, organizational, and procedural changes to improve the efficiency and effectiveness of the department and reduce the department's annual general fund appropriation by approximately \$1 million.

145. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1983, December 8, 1983, 150 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$15,689,097 in FY 1983. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1982 and FY 1983. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information.

Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

146. 1983 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 1983, January 5, 1984, 88 pages

This report details the PEER Committee's 1983 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

147. AN ANALYSIS OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT'S EQUIPMENT PROCUREMENT PROCEDURES, February 24, 1984, 41 pages

The Mississippi State Highway Department purchased 3,130 equipment items worth \$15.9 million during fiscal years 1982 and 1983. Because of a complaint from an equipment vendor involving overly restrictive specifications and other inequitable procurement procedures, PEER reviewed the department's equipment procurement system with emphasis on vehicles and roadworking machinery. The department did not follow its own equipment replacement plan in preparing the budget request and in making purchases. The department's specifications and procedures in several instances were overly restrictive, leading to unnecessary contention with unsuccessful bidders and the Division of Purchase Supervision.

148. A PERFORMANCE EVALUATION OF THE ADDIE McBRYDE REHABILITATION CENTER FOR THE BLIND, February 24, 1984, 30 pages

The Addie McBryde Rehabilitation Center for the Blind provides personal adjustment training and other related services to the blind and visually impaired to aid in development of their personal and social living skills. While the center presently provides quality level rehabilitation programs, it is beset with several administrative problems resulting in low staff morale, high turnover of personnel, and dissatisfaction among staff and trainees. If not resolved, these conditions will cause serious degradation of program effectiveness at the center.

149. NEEDED IMPROVEMENTS IN THE FINANCIAL MANAGEMENT SYSTEM OF THE STATE OF MISSISSIPPI, March 15, 1984, 38 pages

Recent state government cash flow and budget problems have brought attention to deficiencies in current financial management. Inadequate reporting and accounting procedures diminish effective monitoring and control of the available resources of the state. State government should develop a centralized financial accounting control and reporting system which conforms with generally accepted accounting principles.

150. A MANAGEMENT AND OPERATIONAL REVIEW OF THE MISSISSIPPI STATE FAIR COMMISSION, June 26, 1984, 43 pages

The Fair Commission is the governing body for the ninety-six-acre fairgrounds complex where the Mississippi State Fair, Dixie National Livestock Show and Rodeo, and over 150 other smaller events are held each year. Through its staff of twelve full-time and forty-four part-time

employees, the Fair Commission maintains the buildings and grounds, rents facilities and equipment, manages two major events each year, and collects fees for use of the facilities. PEER's review of Fair Commission activities revealed deficiencies in the conduct of commission meetings, monitoring of fairgrounds affairs, planning, financial management, and safety.

151. FOLLOW-UP REVIEW OF THE 1982 ANALYSIS OF OPERATION, UNIVERSITY OF MISSISSIPPI SCHOOL OF DENTISTRY, July 31, 1984, 28 pages

In December 1982 PEER released a report on the operation of the University of Mississippi School of Dentistry which cited numerous deficiencies in financial and operational management practices at the school. Among other things, the 1982 report concluded that the University of Mississippi Dental School, the third smallest dental school in the nation, is a high-cost institution which expends 58 percent more than the national average to educate its students and receives more state appropriated funds per Doctor of Dental Science Equivalent than any other dental school in the United States. The report also contained recommendations for improvement.

A follow-up review of the 1982 report reveals that the School of Dentistry has made progress in correcting the deficiencies. However, the Board of Trustees, Institutions of Higher Learning (IHL) impaired follow-up efforts by its restrictions and refusal to discuss certain PEER recommendations that IHL maintained were inappropriate for legislative review.

152. A FOLLOW-UP ANALYSIS OF THE 1983 FINANCIAL MANAGEMENT REVIEW OF THE BUREAU OF RECREATION AND PARKS OF THE DEPARTMENT OF NATURAL RESOURCES, July 31, 1984, 13 pages

In its follow-up analysis of *A Financial Management Review of the Bureau of Recreation and Parks of the Department of Natural Resources*, PEER found that the Bureau of Recreation and Parks has taken positive action in addressing recommendations of the 1983 report by developing new policies and procedures and strengthening internal control. PEER staff noted four related areas of administrative, internal accounting, and inventory control weakness which should be addressed and corrected by the bureau.

153. A REVIEW OF SELECTED AREAS OF OPERATION OF THE MISSISSIPPI MEDICAID PROGRAM, August 30, 1984, 61 pages

Upon request of a House Appropriations subcommittee, PEER reviewed the Medicaid nursing home audit and reimbursement system, assessed overall Medicaid program cost-containment efforts, and tested for reductions in direct care provided during late evening and early morning shifts in nursing homes.

Medicaid relies on unverified cost reports to establish nursing home reimbursement rates. Audits are inadequate in number, frequency, and depth to ensure that only reasonable and necessary costs are reimbursed. However, the Director of the Division of Medicaid contends that current procedures are adequate and cost-effective based upon apparent stability and reasonableness of reimbursement rates.

Short-term cost-control measures have been implemented when essential to sustain operations during periods of fund shortages. In an attempt to

encourage long-term cost-containment efforts, PEER made six recommendations for consideration by the Medicaid Division and Legislature. Unannounced inspections revealed no uniform pattern of direct care degradation during late evening and early morning shifts.

154. A FOLLOW-UP REVIEW OF THE 1983 INVESTIGATION OF ALLEGATIONS OF ABUSE AT THE OAKLEY CAMPUS OF THE DEPARTMENT OF YOUTH SERVICES, October 18, 1984, 48 pages

Oakley personnel have constructively addressed problems noted by PEER in the 1983 report entitled An Investigation of Allegations of Abuse at the Oakley Campus of the Department of Youth Services. Improvements were noted in the areas of staff training, supervision of direct care staff, operating procedures, individual counseling plans, placement of repeat offenders, cottage confinement of students, maintenance, fire safety, drugs, and security of student property. However, some deficiencies continue to exist relative to documentation of training, turnover rates, maintenance of management information, communication among staff, specialized programming, fire safety training, employee evaluations, and securing student property. PEER made specific recommendations relative to those deficiencies.

155. AN INVESTIGATION OF THE PURCHASE OF A DRAGLINE BY THE TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT, October 18, 1984, 9 pages

During a House subcommittee appropriation hearing in the 1984 Regular Session of the Mississippi Legislature, an official of the Tombigbee River Valley Water Management District advised that the district did not intend to purchase a three-yard dragline being

leased at the time. At the time of the purchase, the district paid \$38,285 and the dragline was appraised by two appraisers at \$65,000 and \$70,000. All actions taken by the district were approved by the district board and by the Purchasing Division of the Budget Commission (Fiscal Management Board). However, this was contrary to legislative intent, and the district did not include in its budget request for fiscal year 1985 a request for the purchase of a dragline.

The investigation disclosed that the dragline was originally leased on January 12, 1984, for three months at \$7,000 a month, subsequently leased on a month-to-month basis, and purchased after being leased for seven months. The lease agreements included an option to purchase the equipment for the agreed price of \$85,000 plus interest paid by the lessor during the term of the lease (\$2,285 at the time the option was exercised).

156. AN OVERVIEW OF PUBLICATIONS OF MISSISSIPPI STATE AGENCIES, December 11, 1984, 40 pages

Although the Fiscal Management Board and the Library Commission have some oversight authority, no coordinated and effective system exists for monitoring state agency production of publications or the costs incurred in agency publishing. State agencies do not account for all the costs of publications production. Some have no coordinating person with agency-wide knowledge of publications produced.

There are indications of significant but unmeasurable waste and inefficiency in agency publications production. This report suggests systems to enable agencies to control and account for the costs of publications. The report also proposes legislation to create a system of statewide publications oversight, monitoring, and accounting.

157. 1984 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1984, January 8, 1985, 91 pages

This report details the PEER Committee's 1984 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

158. REVIEW OF EXPENDITURES AND OPERATIONS OF THE MISSISSIPPI PAVILION AT THE 1984 LOUISIANA WORLD EXPOSITION, February 8, 1985, 29 pages

The Legislature appropriated \$3,966,667 in general funds to the Department of Economic Development to design, construct, and promote the Mississippi Pavilion at the Louisiana World Exposition in New Orleans and finance a portion of the Louisiana/Mississippi/Alabama Rail Transit.

PEER found that the pavilion was widely acclaimed, tastefully designed, and enthusiastically supported by artisans, corporate donors, and a dedicated group of workers on site.

While the exhibit was a positive effort, critical financial management and accounting procedures were deficient or nonexistent. Until a deficit appeared probable, management operated without budget controls. Petty cash procedures were inadequate, resulting in unnecessary and hazardous handling of currency. Pressures of expedience resulted in violation of state purchasing statutes, undocumented expenditures and a lack of precision. This report reviews pavilion expenditures as of December 31, 1984, and contains six recommendations which should be considered should the state be requested to support a similar endeavor with public funds in the future.

159. FEASIBILITY STUDY FOR PERFORMING A COMPLETE ACCOUNTING OF PEARL RIVER VALLEY WATER SUPPLY DISTRICT FOR YEARS 1961-1982, March 20, 1985, 4 pages

The PEER Committee, in response to a citizen complaint, authorized its staff to conduct a feasibility study to determine whether a complete accounting of all Pearl River Valley Water Supply District funds expended from 1961 through 1982 could be accomplished. An accounting of this nature could not be done because of incomplete and missing accounting records and the district's past practice of not identifying expenses incurred to provide municipal and related services to lessees.

Pearl River Valley Water Supply District is currently under a Hinds County Chancery Court order to reorganize financial management, accounting, and cost allocation procedures. PEER will perform a financial management review no earlier than the spring of 1986 to measure the district's progress.

160. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1984, March 28, 1985, 188 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$15,969,775 in FY 1984. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1983 and FY 1984. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports

from the data base for any legislator upon request.

161. A STUDY OF THE FUNCTIONAL RELATIONSHIP BETWEEN THE MISSISSIPPI DEPARTMENT OF MENTAL HEALTH AND THE REGIONAL MENTAL HEALTH CENTERS, April 25, 1985, 158 pages

The Omnibus Budget Reconciliation Act of 1981 shifted responsibility for administration of federal community mental health program funds from local regional commissions to the states. As a result, the Department of Mental Health is caught in conflict between its responsibilities for grant making, statutory limitations imposed on its oversight of the internal operations of regional mental health centers, and the desire of many of the regional commissions to decelerate the trend toward service/population specific funding for federal and state funds.

Critical policy decisions must be made to resolve the conflict, since the state is assuming an increasing responsibility for funding mental health services. Further, a relatively high contribution for mental health by some of the state's poorer counties illustrates the extent of untapped local effort in other counties. Fiscal commitments made by the participating counties should be considered as a component in state funding decisions.

Finally, an analysis of the level of continuity in patient care between the state hospitals and the regional centers supports the need for targeted reimbursement criteria. More than half of the patients reviewed failed to receive one or more of the basic services that are indicative of good continuity of care.

162. A LIMITED MANAGEMENT REVIEW OF THE DEPARTMENT OF WILDLIFE CONSERVATION BUREAU OF MARINE RESOURCES, June 27, 1985, 31 pages

Neither the Commission on Wildlife Conservation nor its executive director has fully implemented 1978 legislation merging the Game and Fish Commission, the Marine Conservation Commission, the Boat and Water Safety Commission, and the Marine Resources Council. Because of inadequate commission support, ineffective executive direction, and resolutely parochial attitudes of marine employees, the Bureau of Marine Resources (housing the two abolished marine agencies) has continued to operate with considerable autonomy. If consolidation is not accomplished, administrative resource duplication will persist and marine law enforcement will continue to be largely influenced by local pressure groups and priorities set informally by bureau employees without regard for statewide interests.

Bureau financial management has been flawed by inadequate inventory control, an unauthorized petty cash fund, untimely deposit of public funds, illegal retention of cash collections, and a lack of standard operating procedures.

The bureau has permitted sole operation of its aircraft by a student pilot and has not kept complete records concerning the aircraft's utilization.

Bureau law enforcement, not effectively controlled by the Commission on Wildlife Conservation or its executives, was the target of serious allegations investigated by PEER. PEER has furnished supporting documentation to the Mississippi Ethics Commission and district attorneys for appropriate action, and will continue to review and monitor action relative to these allegations.

163. A LIMITED REVIEW OF THE STATE TAX COMMISSION'S HIGHWAY WEIGHT ENFORCEMENT PROGRAM, September 5, 1985, 21 pages

In 1979, the PEER Committee issued two reports on the truck weight enforcement program of the Office of the Motor Vehicle Comptroller, citing political interference and managerial deficiencies which hindered enforcement. Senate Bill 2542 (1980 session) abolished the Office of the Motor Vehicle Comptroller and transferred its functions to the State Tax Commission, which has addressed most of the findings in the 1979 report. The commission has increased officer professionalism through compliance with State Personnel Board hiring procedures, instituted a stringent training program and obtained adequate resources. Despite these accomplishments, weaknesses persist in accounting and financial management, statistical reporting, and employee productivity measurement. The report offers seven recommendations.

164. AN OPERATIONAL REVIEW OF THE MISSISSIPPI ARTS COMMISSION, September 5, 1985, 53 pages

In 1968, the Legislature created the fifteen-member Mississippi Arts Commission to stimulate and encourage statewide public interest in the arts and Mississippi's cultural heritage. Because the commission distributes grant funds primarily to larger, well-established organizations within the central Mississippi area, the agency has not stimulated and encouraged arts on a statewide basis to the extent intended by law. Also, the agency has not achieved most of its own objectives.

The commission and its director have initiated action to correct administrative deficiencies which occurred under management of two former executives who resigned because of investigative audit findings by the State Auditor. The agency's written

response differs with PEER's conclusion relative to overall program effectiveness.

165. A LIMITED REVIEW OF THE PUBLIC SERVICE COMMISSION'S PUBLIC UTILITIES STAFF, USE OF CONSULTANTS/ATTORNEYS, AND COMMISSION-ORDERED AUDITS OF THE MISSISSIPPI POWER AND LIGHT COMPANY AND GRAND GULF NUCLEAR STATION, December 12, 1985, 22 pages

In response to a legislative request, PEER examined the staffing and current status of the Public Service Commission's Public Utilities Staff, the commission's use of consultants and outside attorneys, and the selection of and payments to Burkhalter and Associates to audit construction of the Grand Gulf nuclear generating plant and Mississippi Power and Light Company management. PEER took exception to the qualifications and method of selection of the Director of the Public Utilities Staff and one other staff appointment. The report reviews the commission's decision to select the Burkhalter firm contrary to the recommendation of the Public Utilities Staff.

166. USE OF CONSULTANTS IN FY 1985 BY STATE AGENCIES, INSTITUTIONS OF HIGHER LEARNING, AND JUNIOR COLLEGES, December 12, 1985, 112 pages

State agencies expended \$16,142,841 in general and special funds combined for contract personnel during FY 1985. This report analyzes the use of consultants and contract personnel by state service agencies, universities, and junior colleges.

Despite the provisions of SB 3050 (1984 Legislative Session) requiring the State Personnel Director's approval of contracts by agencies employing state service employees, virtually no effective

control is exercised over the use of contract personnel by state agencies. This lack of control is significant given the amount spent on contract personnel.

Personal service contract administration by state agencies, universities, and junior colleges is informal and decentralized, resulting in inadequate accountability of results and expenditures. The report proposes guidelines for the use of consultants and other contractual personnel.

167. REVIEW OF MISSISSIPPI'S PUBLIC PURCHASING LAWS, January 7, 1986, 62 pages

Because of the widespread impact of public purchasing laws and allegations of possible improprieties in culvert purchasing, the PEER Committee held a public hearing to review Mississippi's public purchasing system. Based on testimony and field interviews, this report identifies areas of weakness and operational inefficiencies in public purchasing and contains recommendations for statutory changes.

Provisions of Senate Bill 2510 (1985 Legislative Session) requiring competitive bidding for all culvert purchases have reduced prices paid by counties for culverts. However, an opinion issued by the Attorney General relaxed this requirement for Harrison County.

168. AN OPERATIONAL REVIEW OF MISSISSIPPI'S COLLEGE OF VETERINARY MEDICINE, January 15, 1986, 120 pages

The State of Mississippi constructed and equipped the College of Veterinary Medicine (CVM) at a cost of \$32.7 million. In addition, the state has expended approximately \$51.2 million to date on CVM operational costs. The college has an innovative instructional program and has been successful in

certain research and technology transfer endeavors. However, little quantified output exists to date for the state's substantial commitment of resources.

In the area of economy and efficiency, the CVM has the smallest enrollment of all veterinary schools in the U.S. with 30 students per class. As a result of this low enrollment, the CVM building is significantly underutilized and operating costs per student are high. An emerging surplus of veterinarians will probably hinder efforts to expand enrollment. Also, the CVM has failed to maximize revenues from external funding sources; therefore, the college relies heavily on state general funds for its support. In FY 1985, the CVM's anticipated grant revenues were only 2% of the average received by U.S. veterinary schools.

In the areas of management and operations, PEER found the staff to be competent and motivated. However, CVM could improve several policies and procedures through better documentation, recordkeeping and internal controls.

In the area of legal compliance, PEER found that the CVM violates the intent behind its enabling legislation by operating an institution whose primary mission is research rather than the training of veterinarians.

169. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1985, January 7, 1986, 201 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$16,836,255 in FY 1985. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1984 and FY 1985. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point

out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

170. 1985 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1985, January 20, 1986, 97 pages

This report details the PEER Committee's 1985 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

171. FOLLOW-UP REVIEW OF THE MISSISSIPPI OIL AND GAS BOARD, January 7, 1986, 77 pages

In 1981 PEER reviewed the operations of the Mississippi Oil and Gas Board in a "sunset" or limited program evaluation. The 1985 follow-up review assessed action taken on the 1981 recommendations and evaluated the effectiveness and efficiency of the board's current operations.

Action has been taken on eight of the seventeen 1981 recommendations, but PEER recommends further corrective action in the areas of organization structure, planning and objectives, underground injection regulation, financial and accounting practices, and the monitoring, judicial, and enforcement practices of the board.

Petroleum production monitoring and field enforcement practices are inadequate in substance and generally ineffective in application.

172. A REVIEW OF THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT'S COMPLIANCE WITH THE AGREED FINAL ORDER OF THE HINDS COUNTY CHANCERY COURT ENTERED FEBRUARY 26, 1985, May 27, 1986, 24 pages

The Pearl River Valley Water Supply District (PRVWSD) is a special purpose state agency which operates the Ross Barnett Reservoir adjoining Hinds, Rankin, and Madison counties. This report reviews the district's compliance with a Hinds County Chancery Court judgment resulting from a lawsuit filed by Hinds County concerning PRVWSD's accounting practices and use of county tax funds. PEER concludes that the district is in the process of establishing an allocation system to identify and allocate costs of providing services to lessees.

The PRVWSD board and management have not deposited available revenue into the Bond Redemption and Surplus Fund to pay outstanding bonds prior to maturity, as intended by the court order and trust indenture. Therefore, the district is prolonging dependence on its member counties and the City of Jackson for tax support which will expire when all bonds are retired according to schedule in 1999. After retirement of all bonds, the district must operate from self-generated income, primarily fees levied on users of the reservoir and shoreline area residents. PRVWSD disagreed with PEER's interpretation relative to redemption of bonds prior to maturity.

173. REVIEW OF THE OPERATIONS OF THE INVERNESS NUTRITION CENTER, July 29, 1986, 17 pages

Sunflower-Humphreys Counties Progress operates a feeding site in Inverness, Mississippi, using federal funds controlled and monitored by the Mississippi Council on Aging. PEER determined that complaints made by aged clients relative to the operation of

the feeding site were valid. These complaints included: (1) requiring clients to bear a portion of the costs of operating the center; (2) allowing center employees to expend funds belonging to the clients; and (3) inadequate allocation of travel funds to properly supervise the feeding program.

174. MANAGEMENT REVIEW OF THE MISSISSIPPI STATE PORT AUTHORITY AND STATE PORT AT GULFPORT, July 29, 1986, 33 pages

The state received control of the State Port from the City of Gulfport in 1961 and the Legislature mandated that the port be operated by the Board of Economic Development acting through a five-member State Port Authority. The Research and Development Center estimates that the port's current annual state economic impact is approximately \$74 million.

PEER concludes that the Board of Economic Development and State Port Authority have not adequately supervised port activities nor established measurable goals and objectives. As a result, the port's personnel system, accounting structure, and recordkeeping procedures are inadequate and ineffective. In addition, the port does not age its accounts receivable and is not effectively collecting money owed from port users. As of December 31, 1985, the port's doubtful accounts category totaled \$575,384.

175. A REVIEW OF MISSISSIPPI CHILDREN'S REHABILITATION CENTER'S REVENUE POTENTIAL AND POSSIBLE CONSOLIDATION ALTERNATIVES, November 14, 1986, 51 pages

PEER examined the Mississippi Children's Rehabilitation Center (MCRC) and related children's rehabilitative agencies to determine ways to increase

operating revenue and/or consolidate program service delivery.

MCRC's ability to increase self-generated income has improved with the recent licensure of the facility as a dual purpose rehabilitation hospital/nursing home. However, MCRC's potential to increase income is limited by the third-party reimbursement system, current methods of billing and collection, and low inpatient occupancy rates.

Consolidation of MCRC operations with those of the University Medical Center or the State Department of Health's Children's Medical Program and Blake Clinic, although feasible, is not recommended because consolidation would result in insufficient financial savings and program benefits.

176. MANAGEMENT REVIEW OF THE MISSISSIPPI COOPERATIVE EXTENSION SERVICE, December 19, 1986, 73 pages

The Mississippi Cooperative Extension Service provides a broad range of programs within the areas of agriculture, home economics, 4-H, and community development. During FY 1986, MCES received \$24,776,255 from state, federal, and local sources; of this amount, 56% came from state general funds.

Given the current status of the state's farmers and farm economy, the importance of an effective agricultural extension service cannot be understated. PEER concludes that while MCES has established programs to serve the citizens of this state, the agency has done so without statistically valid needs assessment methodology. In addition, MCES management has not developed a system to determine program cost or relative worth to prevent a proliferation of unnecessary programs. As a result, MCES cannot ensure that its 219 programs are meeting the needs of recipients.

177. A LEGAL ANALYSIS OF WHETHER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM SHOULD BE SUBJECT TO THE RULES AND REGULATIONS OF THE CENTRAL DATA PROCESSING AUTHORITY, December 18, 1986, 19 pages

On June 18, 1986, the Attorney General issued an official opinion stating that the Public Employees' Retirement System (PERS) is not a state agency within the meaning of the law creating the Central Data Processing Authority (CDPA). After receiving the opinion, PERS spent \$281,000 on computer equipment without CDPA's approval. Due to the implications of the opinion, the Joint Legislative Budget Committee asked PEER to review the issue.

This report concludes that the opinion is manifestly wrong as an interpretation of Mississippi law. The opinion cites no legal basis for its conclusions except "public policy," the making of which is exclusively the prerogative of the Legislature. Although there is a conflict in the statutes establishing PERS and CDPA, recognized and accepted rules of statutory construction require that PERS be considered an "agency" within the meaning of the statutes which establish CDPA.

The report also discusses implications of a constitutional amendment affecting the retirement system (SCR 518). The meaning of this amendment is clear: the Legislature cannot borrow PERS' funds, nor can it increase retirement benefits without providing funding therefor. But PERS is still a creature of statute and an agency of the state—there is no change in its status in this respect. The state may continue to make restrictions on PERS' administrative expenditures.

The report recommends that the Legislature reverse the status quo and place PERS back under the rules and regulations of CDPA.

178. A REVIEW OF MISSISSIPPI'S INSTITUTE FOR TECHNOLOGY DEVELOPMENT, December 18, 1986, 87 pages

The Mississippi Institute for Technology Development (ITD) is a nonprofit corporation established to achieve economic development by conducting scientific research, translating the results of research into usable technology, and developing this technology into competitive products. ITD is funded by a \$16 million grant from the state, a \$20 million grant from the federal government, and a \$2 million commitment from the private sector.

While it is too early to quantify all of the benefits of ITD, PEER evaluated certain preconditions to realization of ITD's success. Eighteen months into its existence, ITD reports creation of 124 jobs. Philosophical differences and resulting coordination problems between some ITD centers and the universities jeopardize the effectiveness of the ITD concept. Communication and transfer of technological information between ITD and other economic development agencies of the state occurs infrequently and only at the upper levels of management.

Even if ITD does accomplish all of its goals, ITD alone cannot solve the state's economic development problems. Without an adequate infrastructure (e.g., schools, roads) to support the type of high-technology development that ITD is attempting to create, the institute cannot succeed in attracting and retaining the individuals who will bring about this development. ITD is only one component of what must be a comprehensive and concerted effort to develop the state's economy.

179. A REVIEW OF LIBERAL ARTS AND EDUCATION PROGRAM DUPLICATION AT STATE UNIVERSITIES AND AN ANALYSIS OF THE BOARD OF TRUSTEES OF INSTITUTIONS OF HIGHER LEARNING'S FUNDING ALLOCATION FORMULA, December 18, 1986, 49 pages

The PEER Committee reviewed comparative data as to university instructional program distribution, size, and cost of liberal arts and education programs. PEER concludes that, despite the recent program review process of the Board of Trustees, duplication still exists in sixteen marginally productive program areas. In addition, the Board of Trustees, like university governing authorities in other states, does not compile valid program cost information that could be used to compare costs among Mississippi institutions and those in other states. The program cost information that is available is intended strictly for use in the board's budget request formula.

As a part of this project, PEER analyzed the board's funding formula and concluded that, since the formula's introduction in 1974, the IHL Board has used the formula process to implement policy. IHL's adjustments have resulted in elevated budget requests and shifts in relative levels of support among the universities. Although IHL is authorized to request funding at any level and to allocate appropriated funds as it sees fit, the Legislature should recognize the formula's use as an instrument for policy implementation and its sensitivity to IHL adjustments.

180. A LIMITED REVIEW OF MISSISSIPPI STATE HIGHWAY DEPARTMENT ACTIONS AND RATIONALE IN THE CONSTRUCTION AND REPAIR OF U. S. HIGHWAY 78 BETWEEN TUPELO AND FULTON, December 18, 1986, 16 pages

In response to a legislative request, PEER examined the Highway

Department's repairs and erosion control during and subsequent to construction of a 9.2-mile section of U. S. 78 east of Tupelo. PEER reviewed the construction of a bridge between the Peppertown and Fawn Grove exits in Itawamba County over U. S. 78 which terminates at the end of one span at a cultivated field covering the former location of a county road which connects to the other end of the bridge.

PEER found that the pavement repairs and erosion control measures were necessary because of circumstances beyond the control of the Highway Department and that the department's approach was cost-effective.

The department built the bridge over the highway with the expectation that the Itawamba County Board of Supervisors would re-open the county road which the bridge was designed to serve. To date, the board has not acted to re-open the road, resulting in the bridge being unusable for the purpose for which it was intended.

181. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1986, December 18, 1986, 198 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$17,615,313 in FY 1986. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1985 and FY 1986. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

182. 1986 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1986, December 31, 1986, 104 pages

The report details the PEER Committee's 1986 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

183. MANAGEMENT REVIEW OF THE MISSISSIPPI MEMORIAL STADIUM COMMISSION, January 7, 1987, 62 pages

PEER reviewed the Memorial Stadium Commission, identified managerial and operational deficiencies, and made recommendations to address the weaknesses identified. However, should the Legislature determine that a significant change in the governance of the stadium is necessary, the following options could be considered: (1) abolish the current Stadium Commission and transfer governance and operation of the stadium to the Board of Trustees of Institutions of Higher Learning, or (2) restructure the Stadium Commission to include representatives who have a direct interest in the events held at the stadium.

In addition, PEER suggests a method whereby existing stadium investments and revenue sources could be redirected to promote better facility utilization.

184. OPERATIONAL REVIEW OF THE STATE'S CHARITY HOSPITALS AND ALTERNATIVES FOR CHARITY CARE IN MISSISSIPPI, February 17, 1987, 74 pages

PEER reviewed the state's charity hospitals to assess their efficiency, financial management, use of federal grant resources, and to analyze statewide indigent medical care options.

Findings by federal physician review teams, a medical consultant employed by the PEER Committee, and the state Department of Health Facility Licensure and Certification Division reveal serious deficiencies concerning the quality of health care provided at the state charity hospitals. On October 1, 1986, federal outpatient clinic grants previously awarded to the hospitals were not renewed due primarily to the quality of health care provided at the hospitals. The Eleemosynary Board, which governs the hospitals, also failed to fully utilize federal grant resources, implement uniform and adequate accounts receivable policies and procedures, or to institute sufficient accounting internal control principles.

The Legislature has numerous options available should it decide to alter current indigent health care strategies.

185. A REVIEW OF EAST MISSISSIPPI JUNIOR COLLEGE, May 13, 1987, 33 pages

The East Mississippi Junior College (EMJC) District includes the Main Campus at Scooba, the Golden Triangle Vocational-Technical Center (GTVTC) branch campus at Mayhew, and offers extension courses at several locations, including Columbus Air Force Base.

This report answers specific questions submitted by legislative request:

- (1) The GTVTC is a branch campus, subject to the administration of the President under direction of the board;
- (2) The two campuses may maintain separate accounting systems, but are not required to do so;
- (3) Each campus had sufficient revenues in its own accounts to conduct operations for school year 1986-87; and,

- (4) While there is no evidence of improper transfers of funds between the campuses, there have been significant weaknesses in the accounting systems of both campuses.

Also, EMJC awarded 241 scholarships to 165 students (of a total of 385 students enrolled) at Scooba campus for the 1986-87 term, and PEER noted that in 1984 EMJC purchased a used bus using specifications designed to fit a bus previously selected.

186. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF WILDLIFE CONSERVATION'S ENFORCEMENT OF GAME LAWS ON PRIVATE LANDS, June 17, 1987, 14 pages

State law gives conservation officers authority to enforce game laws on private lands once probable cause has been established. PEER's analysis of a representative sample of citations revealed no patterns to support allegations of territorialism in game law enforcement. However, the department's citation recordkeeping procedures do not assure that all fines due the department are remitted accurately and in a timely manner. PEER reported these same weaknesses in 1982.

PEER also concluded that a Conservation Officer Supervisor's enforcement of trespassing laws in Montgomery County in 1986 was legal and not an act of "territorialism."

187. A REVIEW OF THE DIVISION OF TOURISM'S PURCHASE OF THE 1987 MISSISSIPPI TRAVEL GUIDE, June 17, 1987, 15 pages

PEER reviewed the Department of Economic Development's Division of Tourism's purchase of the 1987 Mississippi Travel Guide. The division made the purchase agreement without receiving competitive bids; the

agreement allows Savoir-Faire, Inc., a private magazine publisher, to be the sole provider of the state's travel guide and receive all related advertising revenue. While the PEER Committee supports Division of Tourism efforts to contain costs and effectively deliver services, the Committee does not endorse this method of contracting because it places the state in a position that could potentially affect the competitive balance that exists in the private publishing industry.

188. A REVIEW OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT'S RIGHT-OF-WAY ACQUISITION PROCEDURES, October 8, 1987, 9 pages

The Committee reviewed the Mississippi State Highway Department's right-of-way acquisition procedures to determine whether the department coerced landowners into selling property at a price lower than market value. PEER concludes that the department's procedures appear adequate and provide reasonable protection to private landowners. Several weaknesses should be corrected, however, to increase customer satisfaction and reduce the frequency of costly and time-consuming condemnation cases.

189. MANAGEMENT REVIEW OF THE MISSISSIPPI DEPARTMENT OF ECONOMIC DEVELOPMENT, December 10, 1987, 50 pages

The Department of Economic Development and the Research and Development Center presently duplicate only a limited number of activities, but service areas are moving toward greater duplication.

PEER recommends reorganizing the department and the Research and Development Center to capitalize on the state's scarce economic development resources. Despite having competent

developers and an executive director whose qualifications exceed those set by law, the department's effectiveness is impaired by failure to maximize agency resources, failure to seriously assess program effectiveness, lack of accountability concerning agency achievement, questionable use of "jobs-created" numbers, and a serious employee morale problem.

190. A MANAGEMENT AND OPERATIONAL REVIEW OF THE STATE PERSONNEL BOARD, December 10, 1987, 148 pages

The State Personnel Board should engage in strategic planning, improve the sophistication and technical precision of staff operations, and increase its level of communications and services to state agencies. The board's strong posturing in salary budget control and its regulatory activities clash with the board's mission to assist state agency heads in organizing and motivating the state work force. The variable compensation plan as designed was a model program, but in recent years the board has not administered the "realignment" feature in accordance with the original concept. Although conducted in good faith by the board's staff, labor market surveys are methodologically flawed by sample selection oversights, subjective adjustments, and erroneous interpretations which result in incomplete and inaccurate comparative data on the salary levels needed to attract applicants and retain state employees.

191. A REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM'S ADMINISTRATIVE EXPENSE FOR INVESTMENT MANAGERS' FEES, December 10, 1987, 24 pages

This report examines the status of PERS's Board of Trustees as a governmental agency and concludes that the board is a state agency subject

to fiscal controls imposed by state law. The report concludes that PERS' staff expended funds for investment managers' fees without legal authority and failed to disclose the expenditures formally to the Legislature.

The report recommends that the Board of Trustees forbear expending funds over which it has control but has no legal authority to expend, and that the Legislative Budget Office require the board to disclose all contemplated expenditures in its annual budget request.

192. AN OVERVIEW OF STATE-OWNED VEHICLES, December 10, 1987, 23 pages

This report is a statewide review of administrative control and oversight of state-owned passenger vehicles. PEER inspected 180 sample vehicles and determined that forty, or 22%, are not economically justified. With regard to state-level controls, PEER concluded that the state's procurement and disposal procedures for passenger vehicles are adequate. However, the State Auditor has not compiled a unified master property inventory and has not consistently enforced state vehicle marking requirements. PEER noted agency control practices/procedures that were particularly effective.

193. A REVIEW OF THE MISSISSIPPI HOUSING FINANCE CORPORATION, December 10, 1987, 106 pages

The Legislature created the Mississippi Housing Finance Corporation (MHFC) to "finance the acquisition, construction, rehabilitation and improvement of residential housing for persons of low and moderate income within the state." Although MHFC has done a good job of financing its operations and mortgage loan programs through the issuance of tax-exempt bonds, the program could have addressed more low- and

moderate-income people. MHFC made 51 percent of its loans to residents whose adjusted gross incomes exceeded low and moderate levels. In addition, more than three-fourths of all MHFC mortgagors purchased houses with sales prices higher than the state adjusted median.

194. OVERSIGHT REVIEW OF ELECTRIC POWER ASSOCIATIONS AND MUNICIPAL ELECTRIC UTILITIES IN MISSISSIPPI, December 10, 1987, 43 pages

PEER reviewed state laws regulating Mississippi's electric power associations and municipal utilities to determine whether they should be revised to improve operational efficiency, governance and oversight. PEER concludes that the federal government, through the Tennessee Valley Authority (TVA) and the Rural Electrification Association, provides acceptable levels of oversight over utilities which fall within the purview of these agencies. Electric power associations and municipal electric utilities outside the jurisdiction of these two federal agencies are responsible for policing their own actions. State agencies, such as the Public Service Commission and the Department of Audit, have limited statutory oversight authority.

PEER also performed a comparison of electric power association and municipal electric utility cost data and found that the lower energy cost of TVA-generated power is a plus for those utilities within the TVA service area, and those that have higher concentrations of consumers per line mile are generally able to pass the savings on to the consumer. The fact that some municipal electric utilities are permitted to transfer excess revenue to the city general fund is correlated with higher levels of consumer markup, but the relationship needs additional study to establish the exact impact on the consumer.

195. A STATUS REPORT ON THE FISCAL MANAGEMENT BOARD'S STATE TRAVEL AGENCY CONTRACT, December 10, 1987, 31 pages

The Fiscal Management Board's state travel agency contract has produced \$25,520 in commissions for the state's general fund. In addition, the board reported \$1,672,260 in cost avoidance.

196. 1987 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1987, January 22, 1988, 107 pages

The report details the PEER Committee's 1987 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

197. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1987, February 1, 1988, 202 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$15,847,144 in FY 1987, which was a ten percent decrease from FY 1986. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1986 and FY 1987. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

198. A REVIEW OF THE AUDIT PROVISIONS FOR THE DEPARTMENT OF AUDIT, May 3, 1988, 4 pages

PEER responded to a legislative request to determine whether the operations of the Department of Audit are audited annually. MISS. CODE ANN. Section 7-7-216 (1972) requires the Legislature to contract for an independent audit of the Department of Audit, but does not designate a responsible party to handle the process. PEER concludes that the intent of this section is to ensure that the operations of this office are subject to the same type of review as are the operations of other state agencies and public entities. No independent auditing firm has ever been hired to conduct an audit of the department.

199. A REVIEW OF THE DEPARTMENT OF PUBLIC SAFETY'S PROCEDURES FOR DRIVER'S LICENSE SUSPENSION AND REINSTATEMENT AND THE USE OF THE FUNDS DERIVED FROM REINSTATEMENT FEES, May 3, 1988, 22 pages

In 1938, the Mississippi Legislature began passing laws relative to the suspension and reinstatement of driver's licenses. Stronger suspension laws enacted in the 1980's have resulted in a steady increase of suspensions. Patrol officers benefit from these suspensions because fees charged to reinstate licenses are deposited into the patrol retirement fund. Although this procedure gives the appearance of a conflict of interest, PEER concludes that the steady increase in suspensions has occurred in response to the stronger suspension laws. With regard to the patrol retirement fund, PEER determined that for fiscal years 1983 through 1987, the Department of Public Safety paid into the patrol retirement fund \$2,394,733 more than necessary for the fund to be actuarially sound.

200. A REVIEW OF FRIENDS OF MISSISSIPPI PARKS, INC., June 16, 1988, 9 pages

The Friends of Mississippi Parks, Inc., is a nonprofit corporation designed to offer citizens of Mississippi an opportunity to make tax deductible donations to the state park system. Because of direct involvement of state employees and their spouses in the Friends' fiscal operations, PEER reviewed the organization's working relationship with the Department of Natural Resources Bureau of Recreation and Parks. The Friends organization could significantly benefit the state's parks system. However, neither the Bureau of Recreation and Parks nor the Friends group has established written procedures to govern the relationship. This has resulted in a lack of adequate internal controls over receipts, noncompliance with Internal Revenue Service reporting requirements, and inadequate documentation of advertising sales commissions.

201. A REVIEW OF THE CHICKASAWHAY NATURAL GAS DISTRICT, August 11, 1988, 46 pages

The Chickasawhay Natural Gas District supplies natural gas to the cities of Quitman, Shubuta, and Waynesboro and surrounding areas. Operating outside the regular jurisdiction of both federal and state utility regulatory agencies, the district's Board of Directors, composed of the mayors of these three cities, determines all policies and pricing.

The district has not adhered to a policy of full financial disclosure. During FY 1987, the district did not adequately report \$52,200 in fees and benefits received by the three directors. In addition, for the period FY 1981 through December 1987, the district violated Mississippi Constitution Section 96 by paying \$72,885 in extra compensation to individual board

members, district personnel and the board's attorney.

The district's retail rates have not been promptly reduced in response to wholesale price adjustments. The practice of distributing a portion of annual revenues to the three municipalities amounts to a cross-subsidy by district gas consumers to city residents who may not consume gas. The district's cash reserves (\$2,123,438 as of June 30, 1987) should be reviewed by an independent expert to determine if reserves are reasonable and necessary.

The report recommends corrective action and suggests provisions for operating controls and full financial disclosure that should be considered by the Legislature if future local utility districts are created by statute.

202. A LIMITED REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF HEALTH'S MILK INSPECTION PROGRAM, August 11, 1988, 15 pages

PEER responded to a legislative request to determine whether the Department of Health's milk inspection procedures in District II (northeast Mississippi) are consistent and adequate. PEER determined that the Department of Health, despite a 1986 warning from the federal Food and Drug Administration, gives prior notice of state sanitation ratings and federal check ratings to dairies in District II. Due to a lack of formal field training for sanitarians, ambiguous inspection criteria, and a lack of a uniform, written appeal procedures, the Department of Health's milk inspection operations do not facilitate consistent and uniform enforcement of regulations. PEER also determined that the department does not choose dairies randomly for inspection, as is required by federal regulation.

203. A POLICY ANALYSIS OF THE STATE MEDICAL EXAMINER PROGRAM, August 11, 1988, 28 pages

In response to a legislative request, PEER performed a policy analysis of the State Medical Examiner program. By state law, the State Medical Examiner is required to provide consultation, training, and assistance to county medical examiners; maintain records on "deaths affecting the public interest;" promulgate rules of conduct for death investigations; and perform autopsies. PEER determined that the State Medical Examiner's office is not effective because workload demands exceed available resources, facilities for conducting forensic autopsies are not adequate, and laws concerning death investigations are inconsistent.

The report presents the Legislature with five options for addressing the medical examiner program. PEER recommends an option that upgrades the present system through increased funding and modification of substantive legal provisions. This option would require spending approximately \$583,078 annually for the salaries of new personnel, and approximately \$497,000 in the first year for the construction of a forensic morgue facility.

204. AN INVESTIGATION OF THE MISSISSIPPI DEPARTMENT OF CORRECTIONS' EDUCATIONAL PROGRAMS, September 21, 1988, 58 pages

The Joint Legislative PEER Committee identified administrative and programmatic weaknesses with regard to the Department of Corrections' associate degree and adult basic education programs for inmates administered by Coahoma Junior College. Relative to the associate degree program, Coahoma has not charged fees to inmates accurately, has failed to provide textbooks to all students consistently and on a timely basis, and

has failed to ensure that classes meet state student-teacher contact time requirements.

Coahoma's evening adult basic education program at Parchman lacks key administrative controls such as adequate supervision of teachers, instructional quality control, monitoring the sufficiency of educational supplies, and providing managerial guidance. PEER determined that Department of Corrections employees who accepted positions as part of the Coahoma Junior College adult basic education evening program have violated state conflict of interest laws.

205. A MANAGEMENT AND OPERATIONAL REVIEW OF THE PUBLIC SERVICE COMMISSION'S ENFORCEMENT, INSPECTION, AND INVESTIGATION PERSONNEL AND PROGRAMS, December 14, 1988, 54 pages

The Public Service Commission (PSC) is meeting its goal of ensuring safe, legal for-hire motor carrier transportation and is providing effective customer advocacy and gas pipeline safety programs for regulated utilities. Despite this overall conclusion, each program has significant administrative, management, and operational problems. The Railroad Inspection Program experiences significant staffing, operational, management, and training problems. The PSC's decentralized management concept of dividing resources and oversight among electoral districts which have no relationship to regulatory or safety workload is a major cause of most management problems.

206. A REVIEW OF SELECTED ATHLETIC FACILITY CONSTRUCTION CONTRACTS OF THE UNIVERSITY OF MISSISSIPPI, December 14, 1988, 14 pages

PEER reviewed the University of Mississippi's handling of two stadium

renovation projects and concluded that the university did not violate state purchasing laws or regulations. Since the university utilized self-generated funds, the projects were not subject to the policies and procedures of the Bureau of Building, Grounds, and Real Property Management. PEER recommended that the Board of Trustees of Institutions of Higher Learning adopt policies to govern capital outlay projects which are procured with self-generated funds.

207. AN ANALYSIS OF THE COST OF GOVERNMENTAL AUDITS IN MISSISSIPPI, December 14, 1988, 24 pages

PEER determined that the hourly cost of financial/compliance audits performed by the Office of the State Auditor for FY 1988 was \$24.03. The hourly cost of financial/compliance audits performed by private accounting firms under state contract for FY 1988 was \$24.57. In comparing cost differences, one must consider the effect of American Institute of Certified Public Accountants (AICPA) and General Accounting Office (GAO) audit quality standards and the degree of oversight exercised by the State Auditor's office relative to contractual audits.

208. AN EVALUATION OF LOAN PROCESSING, LOAN SERVICING, AND MANAGEMENT OF THE VETERANS' HOME PURCHASE BOARD, December 14, 1988, 62 pages

PEER reviewed the loan processing, loan servicing, and management functions of the Veterans' Home Purchase Board (VHPB). VHPB's loan processing system is unnecessarily long—six times longer than that of private lenders. The program is not adequately publicized, even though the law requires all veterans to have equitable access to the program. VHPB's loan servicing system suffers from major internal control

weaknesses. In addition, VHPB has failed to comply with its delinquency/collection policy, has not developed procedures for selling repossessed property, and has not accurately accounted for escrow payments. PEER notes that VHPB's weaknesses result primarily from the staff's lack of prior experience or training in mortgage lending.

209. A REVIEW OF THE FISCAL MANAGEMENT BOARD'S STATE TRAVEL MANAGEMENT PROGRAM, December 14, 1988, 16 pages

Mississippi's state travel management program is a compulsory travel reservation service for state agencies and institutions which was initiated in 1986. PEER reviewed this program, which is administered by the state Fiscal Management Board. The travel program is cost-effective, having generated a net economic benefit of \$197,000 during FY 1988. Without legal authority, the Fiscal Management Board exempts travelers from complying with the travel program by granting waivers for airline or other public carrier travel arrangements if agencies can prove that lower rates can be obtained (primarily air fare packages for large national conventions). By interviewing travel-intensive state agencies and universities, PEER determined that the state travel management program and the state's contract travel agency (McGehee/Ask Mr. Foster) operate in a manner generally satisfactory to users.

210. A REVIEW OF SELECTED AREAS OF OPERATION OF THE GAUTIER UTILITY DISTRICT, December 14, 1988, 28 pages

PEER reviewed selected areas of operation of the Gautier Utility District, a water, sewer, and fire protection district in Jackson County, Mississippi. The district issued bonds to finance construction and acquisition of facilities within the scope of its authority,

although the final cost of the project was more than originally estimated. The district violated state laws relative to purchasing, open meetings, and conflict of interest. The district failed to collect all possible revenues and could face a cash flow problem in the future.

211. 1988 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1988, January 16, 1989, 113 pages

The report details the PEER Committee's 1988 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

212. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1988, January 17, 1989, 197 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$17,197,895 in FY 1988. This amount was an 8.5 percent increase over FY 1987 expenditures, but still slightly less than the FY 1986 amount. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1987 and FY 1988. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

213. A POLICY ANALYSIS OF THE WORKERS' COMPENSATION RATES OF MISSISSIPPI'S LOGGING INDUSTRY, January 17, 1989, 13 pages

Workers' compensation insurance covering logging and pulpwood laborers is expensive because of the injury record of the timber harvest industry in general and the pulpwood trade specifically. Although the Joint Committee suggests four administrative and legislative options to address workers' compensation costs, there is no short-term rate reduction measure without side effects which could raise the rates of other loggers. PEER suggests a logger safety education program to control industry losses and reduce the cost of insurance.

214. AN ANALYSIS OF OPTIONS FOR ALLOCATING LEGAL ASSISTANTS TO DISTRICT ATTORNEYS, January 17, 1989, 23 pages

In response to a legislative request, PEER developed four options which could be used for allocating legal assistants to the state's district attorneys. Option One would allocate legal assistants on the basis of district population. Option Two would require the Legislature to equalize the per-attorney caseload throughout the state. Option Three would require that a caseweight system of allocation be developed. Option Four involves developing a point system for allocating legal assistants. PEER recommends that the Legislature consider adopting Option Three since it would assess actual need of each district on the same basis.

215. OPTIONS FOR PRIMARY AND SECONDARY EDUCATION FUNDING IN MISSISSIPPI, January 4, 1989, 52 pages

Because of legislative interest regarding educational funding disparities between the state's school districts, PEER was asked to propose an

alternative education funding mechanism. This report contains four funding models which require a minimum local taxing effort while providing additional funding to needy school districts without reducing available funds to non-needy districts. Three of the four models are grant programs which would function in addition to the state's Minimum Education Program. The fourth proposal would replace the Minimum Education Program with a new system of funding.

216. ANALYSIS OF THE RESIGNATION OF MARY LAWRENCE GERVIN AND APPOINTMENT OF DR. MAX H. MCDANIEL AS STATE PERSONNEL DIRECTOR, April 20, 1989, 35 pages

PEER determined that with the exception of the Board chairman, Mary Lawrence Gervin did not inform any other State Personnel Board members of her intended resignation until the board's January 16, 1989, meeting. At that same meeting, the board appointed Dr. Max H. McDaniel as State Personnel Director. Although the board followed the letter of the state personnel law in appointing Dr. McDaniel, it failed to "represent the public interest in the improvement of personnel administration in the state departments" by making a noncompetitive appointment. The board's use of an open and competitive process to select a new State Personnel Director would have set a good example for other state agencies to follow.

217. A MANAGEMENT REVIEW OF JACKSON COUNTY'S PURCHASE OF A GARBAGE TRUCK, April 20, 1989, 9 pages

PEER concluded that Jackson County personnel made a good-faith attempt to purchase a garbage truck in accordance with the letter and intent of state purchasing laws. With the exception of improperly developed bid

specifications for the twenty-five cubic yard hi-compaction rear loading refuse collection body, Jackson County personnel's actions in this matter met the statutory requirements.

Subsequent to the preparation of this report, the Jackson County Board of Supervisors voted to conduct a cost analysis to determine whether the county should once again contract with a private firm for the collection of county garbage.

218. A REVIEW OF AUDIT FEE ADJUSTMENTS AND CHARGE-OFFS BY THE OFFICE OF THE STATE AUDITOR JULY 1, 1984, THROUGH DECEMBER 31, 1988, June 20, 1989, 23 pages

The Office of the State Auditor is authorized by law to audit any entity which shares revenues derived from taxes or fees imposed by the Legislature and other public bodies supported in part or wholly from public funds. The Department of Audit made audit fee charge-offs totaling \$73,614.89 from July 1, 1984, through December 31, 1988, without written policies, procedures, and criteria to govern the billing of audit fees. Of this amount, the department did not charge governmental entities \$28,952.52 for audit services during this period as required by state statutes. PEER recommends that the Department of Audit verify time records supporting the \$28,952.52 in uncollected fees and collect those determined to be correct. The Department of Audit should develop written policies and procedures to govern the billing process.

219. A REVIEW OF THE ADMINISTRATION AND FUNDING OF PROGRAMS FOR THE AGING IN THE SOUTHWEST AND SOUTHERN MISSISSIPPI PLANNING AND DEVELOPMENT DISTRICTS, July 26, 1989, 22 pages

PEER reviewed operations of the Southwest and Southern Mississippi Planning and Development Districts and determined that neither had violated federal Older Americans Act regulations relative to programs for the aging. PEER did identify areas of administrative and procedural weakness affecting service delivery to aged citizens in these districts.

220. AN INVESTIGATION OF SELECTED AREAS OF OPERATION OF THE MISSISSIPPI STATE HOSPITAL AT WHITFIELD, August 22, 1989, 64 pages

PEER investigated allegations that Mississippi State Hospital did not comply with equal opportunity laws and had experienced supply shortages because of expenditures for renovating two executive residences.

The Department of Mental Health has systems in place to monitor fairness in personnel matters and address equal opportunity concerns at the State Hospital.

PEER found no evidence of embezzlement of public funds or property. The hospital received goods and services in return for its expenditures. However, these expenditures were not in compliance with state budget and accounting laws:

- The department expended \$106,433 to renovate the residences of the Executive Director of the Department of Mental Health and the Director of the State Hospital, of which \$98,471 was expended without proper legislative appropriation authority.

- Contrary to law, the hospital spent \$28,194 for the houses prior to issuance of purchase orders.
- The hospital paid an interior decorator \$8,348 to decorate executive residences and offices, although the contract approved by the State Personnel Director stated that the services were for "patient" buildings. (\$22,693 of the \$31,041 spent under contract was for patient buildings.)
- The hospital did not receive competitive bids for certain renovation expenses because the hospital permitted the decorator to solicit bids. As a result, the hospital received bids only from the decorator's own firm and an associated firm.

While fiscal year-end supply shortages are not unusual at the State Hospital, \$29,787 of the housing renovation expenditures could have been used to lessen the severity of commodity shortages.

221. AN INVESTIGATION OF THE PURCHASE OF BURIAL INSURANCE FOR CLIENTS OF THE HUDSPETH RETARDATION CENTER, August 22, 1989, 12 pages

PEER investigated the February 1, 1984, purchase of burial insurance from Gulf National Life Insurance Company for 288 Hudspeth clients and reviewed the disposition of death benefits for policyholders from February 1984 to April 1989. PEER found no evidence of illegal activities on the part of Hudspeth, Gulf National, or Baldwin-Enochs Funeral Home involving burial insurance. However, Hudspeth exercised insufficient control over burial benefits paid on behalf of deceased wards of the state.

PEER also found that in 1978 Hudspeth officials placed client money into a "pre-need trust account" for

clients' funerals which remained on deposit for eleven years with little benefit to its participants. On June 26, 1989, Hudspeth notified PEER that Baldwin-Enochs (now Baldwin-Lee) returned the \$14,355.42 balance to the center for repayment to clients or their heirs.

222. REVIEW OF STATE AGENCY OFFICE SPACE LEASING, August 22, 1989, 86 pages

PEER reviewed state office space leasing procedures of the Office of General Services, Division of Real Property Management.

The division has failed to fully develop and uniformly enforce a lease control system. Property Management has permitted leases to take effect without prior approval; does not inspect potential lease sites prior to approval; makes no attempt to enforce leasing policies and procedures by seeking to prevent payments for unauthorized leases; has no valid database for determining prevailing market rates for properties; and is not assuring that offices in flood zones have flood insurance.

The Division of Property Management contended that PEER's recommendations would be costly to implement and were based merely on differences of opinion as to management style. However, PEER's conclusion is that even though sufficient administrative resources and clear authority exist, the division is not an independent advocate for a locator of adequate and economical office space. The division's passive management style has resulted in a subjective process dominated by individual agency preferences, property owner assertions, and the availability of public funds.

223. A MANAGEMENT AND OPERATIONAL REVIEW OF THE CENTRAL DATA PROCESSING AUTHORITY, October 25, 1989, 36 pages

Due to the achievements of the Central Data Processing Authority and its management team, Mississippi has achieved the original and additional legislative goals and intent which prompted the creation of the agency. Mississippi government has not experienced overcapacity and excessive cost problems in data processing to the extent experienced in some other states or the private sector. However, CDPA needs to correct deficiencies which hinder its effectiveness, efficiency, and total statutory compliance. CDPA project tracking procedures do not capture the management information needed to establish performance criteria and evaluate staff performance. The Authority also excludes some interested parties from its rulemaking process; overcharges State Computer Center clients in order to fund agency overhead costs; and permits some CDPA staff members who are paid as Jackson State University instructors to teach in the Education Institute during CDPA-paid work time. With the exception of the recommendation relative to the Education Institute, CDPA concurred with the recommendations contained in this report.

224. A REVIEW OF THE PROPOSED ADMINISTRATIVE MERGER OF THE MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY AND THE MISSISSIPPI BUREAU OF NARCOTICS, November 28, 1989, 49 pages

PEER reviewed the Commissioner of Public Safety's proposed administrative merger of the Bureau of Narcotics and Department of Public Safety and concluded that Mississippi statutes create an unclear relationship between the two entities. Although the commissioner's administrative merger plan probably exceeds statutory

limitations, many merger components would be within statutory authority if the department avoided specified limitations.

The commissioner's proposed administrative merger would achieve some cost savings and more efficient use of personnel. However, much could be achieved without the full administrative merger. The administrative merger would not necessarily damage the bureau's identity and enforcement effectiveness, but would make the bureau more vulnerable to political interference and domination by the Highway Patrol than is possible under its current semi-autonomous status.

225. A REVIEW OF THE STATE'S CLERICAL SKILLS TEST ADMINISTRATION AND THE DEPARTMENT OF HEALTH'S RESPONSE TO STATE PERSONNEL BOARD PROCEDURES, November 28, 1989, 27 pages

The state of Mississippi's clerical skills test procedures for potential state employees could allow fraud and deception and the hiring of incompetent and unqualified individuals. Mississippi Employment Security Commission test examiners did not consistently require examinees to present positive identification prior to taking tests and scored tests too leniently.

PEER initiated this review because the Department of Health continued to employ a Medical Records Clerk who could not type. Although the department eventually removed the clerk whose incompetence threatened patient care, the demotion procedure took longer than necessary under State Personnel Board policy.

226. A REVIEW OF SELECTED ASPECTS OF TRUCK WEIGHT ENFORCEMENT, November 28, 1989, 17 pages

The State Tax Commission has clear statutory authority through its Administrative Review Board to reduce or withdraw overweight truck penalties assessed by the commission's Bureau of Law Enforcement permanent and portable scale officers. Of 5,710 assessments in FY 1989, 146 were appealed, of which 46 (33%) were reduced or withdrawn. Of \$175,400 in penalties appealed, \$72,860 (41%) was eliminated by the board.

Contending the law intends the benefit of doubt to go to the violator, the Administrative Review Board has:

- Not provided a prosecution role for scale officers through written incident reports or officer testimony.
- Disregarded calibrated scale evidence and acted upon uncalibrated scale readings submitted by violators.

The Bureau of Law Enforcement also allows an additional, compounded 1% weight tolerance in circumstances where the law has already provided a tolerance for human error. The Tax Commission should improve training of enforcement officers, standardize field procedures, and provide a prosecution role in appeals proceedings.

227. A LIMITED OPERATIONAL REVIEW OF THE ALCOHOLIC BEVERAGE CONTROL DIVISION, November 28, 1989, 17 pages

Internal accounting control and warehouse security weaknesses in the Tax Commission's Alcoholic Beverage Control Division include inconsistent inventory procedures, unsupported inventory adjustments, inadequate controls over receipt of goods, and a lack of security over cash receipts. ABC

also has not maintained warehouse security devices in proper working order. Some ABC personnel practices are not in accordance with the State Personnel Board's policies and procedures, including the Tax Commission's classification of warehouse workers and the promotion of certain classifications of employees.

228. A REVIEW OF THE PASSAGE OF S. B. 2295 (REGULAR SESSION 1989), November 28, 1989, 6 pages

The Biloxi City Council asked the PEER Committee to investigate the actions of the conference committee in the passage of Senate Bill 2295 (Regular Session 1989). The council raised issues of ethics and illegality on the part of members of the conference committee. The PEER Committee found that no improper influence from any source was exercised on any member of the conference committee on S. B. 2295.

229. THE IMPACT OF THE MISSISSIPPI EXECUTIVE REORGANIZATION ACT OF 1989 ON THE EXECUTIVE BRANCH OF STATE GOVERNMENT: PHASE ONE, January 10, 1990, 36 pages

This report reviews progress made in executive branch reorganization per House Bill 659, 1989 Regular Session; identifies possible corrections needed in the original legislation; and provides a point of reference for the PEER Committee's second review required in 1991.

Preliminary analysis of the reorganization costs and savings data submitted by the Department of Finance and Administration shows a net cost to the state of \$52,745.66 as of October 1, 1989.

As of October 1, 1989, the primary transition effort has been on bringing the agencies involved into compliance with the organizational requirements of the law, and this basic aspect has been

handled well. However, PEER has seen little persuasive evidence that the reorganization will save state government any appreciable amount of money or that it will improve service structures.

Three technical problems were identified in the implementation of H. B. 659. These problems included the inadequacy of the common organizational nomenclature section to the needs of state government, failure to address conflicts between the powers and duties of the Human Services Executive Director and the powers and duties of the State Board of Human Services, and the failure to clearly transfer certain federal-state programs to the Department of Public Safety. PEER has provided draft legislation to address these problems.

230. A PERFORMANCE EVALUATION OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, January 10, 1990, 172 pages

The PEER Committee evaluated the Public Employees' Retirement System as required by Senate Bill 2437, 1989 Regular Session. PEER found no cause for alarm for retirees and the membership as to the security of the trust fund or present and future retirement benefits. PERS management has not performed well in several areas related to administration of the trust and has resisted oversight by other state agencies. Weaknesses or questionable areas include:

- Poor control over purchasing and inadequate internal audit coverage.
- Expenditure of \$13,702,915 over three years for investment management fees without legislative appropriation authority, \$842,987 for computer equipment and services without Central Data Processing Authority oversight, \$30,080 to employ the former executive secretary on an

"emergency" basis after his retirement, and excessive out-of-state travel (a total of \$165,629 over a five-year period.)

- Accumulation of over \$3 million for building renovations without need.
- An actuarial audit by a national consulting firm states that PERS's assumptions regarding future economic experience are within an acceptable range, but are at the optimistic end of the range.
- A management review of the Deferred Compensation Plan by a local consulting firm notes a departure from the fee arrangement by the third-party administrator, a lack of independent analysis of the plan's investment performance, and limited audit and financial review of the plan's operations.

231. AN OPERATIONAL AND FINANCIAL REVIEW OF THE MISSISSIPPI STATE PORT AUTHORITY, January 10, 1990, 46 pages

Due to a concerted effort by Mississippi State Port Authority (MSPA) management, the MSPA has made progress in correcting deficiencies identified in PEER's 1986 review in financial and administrative records, accounting, petty cash and property control. MSPA still must address compliance with legislative appropriation restrictions, bond reserve requirements, and the port's general business viability and financial integrity.

232. A LIMITED REVIEW OF GROUP PURCHASE PROGRAMS UTILIZED BY PUBLIC HOSPITALS IN MISSISSIPPI, January 10, 1990, 12 pages

State law exempts public hospitals from state purchasing and bid laws and allows these hospitals to participate in group purchase programs. These programs have become an important

purchasing alternative for public hospitals in the state. However, the law is unclear as to the definition of a *qualified group purchase program*. Currently, Mississippi public hospitals participate in groups that may not qualify under the law. State agency and university hospitals are not included as allowed group participants which, if allowed, could increase volume and result in lower prices. Also, the law does not make any state agency responsible for monitoring public hospital compliance with the law.

PEER suggests three legislative options:

- Define groups and specify the types of groups allowable;
- Eliminate the repeal date (July 1, 1991) and continue the public hospital exemption; and/or,
- Allow state, university, and public hospitals to form a group purchase program with hospitals in other states.

233. REVIEW OF THE MISSISSIPPI STATE HIGHWAY DEPARTMENT'S HANDLING OF A BRIDGE EMBANKMENT SLIDE IN KEMPER COUNTY, January 10, 1990, 10 pages

On June 29, 1979, the State Highway Department executed an engineering contract with Kemp, Springer and Associates for improvement of 10.7 miles of Highway 45 between Porterville and Scooba. The project added two parallel lanes for 9.2 miles, four-lane construction for 1.5 miles, and construction of a bridge across a railroad site. The bridge embankment collapsed because Kemp, Springer's plans approved by the department did not require the construction contractor to utilize more stable materials. Because the Federal Highway Administration would not help finance repairs, the Highway

Department used \$790,929 in state funds.

The failure could have been avoided if Kemp, Springer had followed the department's soils report recommendations and participants in the Highway Department's office review of plans had detected Kemp, Springer's omission.

234. STATE TRAVEL EXPENSE ACCOUNT ANALYSIS FOR FISCAL YEAR 1989, February 14, 1990, 162 pages

Total in-state and out-of-state travel reimbursements for state employees and officials amounted to \$16,871,949 in FY 1989. This amount was a 1.9 percent decrease from FY 1988 expenditures, but 6.5 percent more than the FY 1987 travel expenditures. Tables A through M in this report list the 200 state employees or officials with the highest travel expense in each category. Tables N through P provide comparisons between FY 1988 and FY 1989. In addition, Table Q indexes names in Tables A through M. The purposes of the report are to point out the significance of individual travel expenses and to provide agency management with comparative information. Users should read the introductory narrative before using the tables. PEER will prepare special reports from the data base for any legislator upon request.

235. 1989 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1989, January 8, 1990, 126 pages

The report details the PEER Committee's 1989 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

236. A REVIEW OF DEPARTMENT OF PUBLIC SAFETY CHECKING ACCOUNTS, April 26, 1990, 34 pages

Without statutory authority, the Department of Public Safety maintained a checking account outside of the state treasury from February 1988 to December 1989 to handle forfeited monies seized during criminal arrests. The department used the bank account as a savings account instead of a clearing account to transfer forfeited monies to the state treasury. As such, the account earned \$28,286 in interest which has not been transferred to the state general fund as required by state law.

The Department of Public Safety did not report actual receipts (\$590,078) and expenditures (\$246,000) of forfeited monies to the Legislature as required by state statutes for fiscal years 1988 and 1989.

The Department of Public Safety used an "overpayment recovery" process (normally used to re-spend monies refunded by vendors) as a means of escalating its budget improperly by \$387,251 during fiscal years 1988, 1989, and 1990. The department reimbursed its general fund account with forfeited monies for various purchases (primarily equipment) during this period and classified the reimbursements as "overpayment recoveries" As such, the transactions had no effect on the department's general fund allotments and were not reflected as expenditures against appropriations limits.

237. A MANAGEMENT REVIEW OF THE DIVISION OF GENERAL SERVICES' SECURITY SERVICES CONTRACT PROCESSES FOR THE CHARITY HOSPITALS, April 26, 1990, 26 pages

Effective July 1, 1989, the Division of General Services, Department of Finance and Administration, assumed custodial and liquidation responsibilities for the assets of the

three charity hospitals closed by state law. The Director of General Services elected to contract with a private firm to provide security for a three-month period as assets were liquidated. Although personal services contracts are not subject to state competitive bidding requirements, the Director elected to solicit competitive bids but mishandled all phase of the procurement.

The Director did not adequately publicize the division's intent to contract, failed to advise prospective bidders of security requirements and bid evaluation criteria, and awarded the contract to other than the low bidder using a criterion that was not communicated to bidders. The division's action creates the appearance of favoritism and portrays a poor state government image to vendors and the public.

238. MISSISSIPPI EXPORTS: A DISCUSSION OF BARRIERS AND DEVELOPMENTAL PROGRAMS AVAILABLE IN MISSISSIPPI AND OTHER STATES, WITH AN EMPHASIS ON TRADE WITH CANADA AND LATIN AMERICA, April 26, 1990, 84 pages

Mississippi state government's export development resources are very limited, leaving the vast majority of potential Mississippi exporters on their own. Three state government employees in two separate departments engage in export development on a full-time basis, with part-time assistance provided by other department personnel, but there is no base of knowledge about Mississippi exporters, shipment destinations, types, and volume of exports. Until policy makers have such information, it may be unwise to undertake in a piecemeal manner any new or expended efforts with public funds that have export enhancement as an expressed or implied goal.

A lack of awareness among Mississippi manufacturers of the value and mechanics of exporting and a lack of local sources of export financing are significant barriers.

PEER was requested to determine the potential of Mississippi export niches in Latin America and Canada. While there is demand for Mississippi products in Latin America, most Latin American countries do not have the U. S. dollars to pay for the exports. Other than the state's general underdeveloped exporting strategy, there are no significant barriers to Mississippi's trade with Canada.

239. REVIEW OF THE INSTALLATION OF TELECOMMUNICATIONS EQUIPMENT AND THE CONSTRUCTION OF A SECURITY WALL IN THE EAST WING BASEMENT OF THE NEW CAPITOL, May 29, 1990, 10 pages

On March 25, 1990, the PEER Committee investigated telephone equipment and a newly constructed wall in the east wing basement telephone circuit room of the New Capitol. The equipment is part of a data communications network approved by the Central Data Processing Authority connecting the Governor's offices in the Capitol with the Governor's Mansion and Sillers Building. Although the security wall serves a useful purpose by preventing unauthorized tampering with circuitry and would probably have been approved by the Department of Archives and History as required by law, the Governor's Office and Division of General Services constructed the wall without the Department of Archives and History's prior approval.

240. A REVIEW OF THE HINDS COUNTY YOUTH COURT SYSTEM AND DETENTION CENTER, August 21, 1990, 41 pages

The Hinds County Youth Court system is a cooperative effort of the City of Jackson, Hinds County, and the State Department of Human Services. The Hinds County Youth Detention Center, operated by the City of Jackson, is overcrowded, does not comply with all fire and safety standards, and has no organized physical education and recreation program.

- Some juveniles do not have the opportunity to continue their schooling.
- Youth detention attendants receive no formal, technical training.
- The Hinds County Youth Court fails to safeguard and control access to confidential juvenile records as required by state law.
- The Department of Human Services does not supervise and control access to confidential juvenile records as required by state law.
- The Department of Human Services does not supervise adequately the counselors it assigns to the youth court.

241. A REVIEW OF THE DESIGN AND EFFECTIVENESS OF MISSISSIPPI'S SYSTEM FOR AUDITING AVERAGE DAILY PUPIL ATTENDANCE, August 21, 1990, 45 pages

Mississippi's system for verifying the accuracy of average daily pupil attendance reports is too limited to ensure valid and equitable distribution of Minimum Program funds, which total \$835 million for FY 1991. The law places excessive reliance on arbitrary and unscientific pupil head-counting by personnel who, by law, cannot be required to be trained auditors.

Statutes neither require examinations of attendance in accordance with generally accepted auditing standards nor any review of school districts' internal controls to ensure accurate and reliable attendance reporting systems.

For at least three administrations, the Office of the State Auditor has not paid sufficient attention to the important but limited role prescribed by law for Mississippi's school examiners. During the 1988-89 school year, the office failed to conduct 37 percent of the required number of preliminary counts and failed to conduct a full six counts in 93 percent of the cases where overreporting may have occurred as determined by the law. For many years, no counts have been conducted as required by law of pupils transported on school buses at public expense.

242. AN ANALYSIS OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S IMPLEMENTATION OF A UTILIZATION REVIEW PROGRAM AS PART OF THE STATE OF MISSISSIPPI'S COMPREHENSIVE HEALTH PLAN, August 21, 1990, 38 pages

Effective July 1, 1990, Department of Finance and Administration officials contracted with Healthmarc, Inc., for a state employee and retiree health insurance utilization review program similar to those of forty-seven other states. The contract costs \$1.70 per month per participant, or approximately \$918,000, annually. The department's consultants estimate that utilization review will save \$4 to \$5 million in FY 1990. The process assumes that prior consultation with Healthmarc professional staff will encourage participants to avoid unnecessary surgery, treatments, or hospitalization and to seek second opinions under certain circumstances.

PEER did not analyze the performance of the utilization review process to verify the accuracy of the

projected program savings since the review program in Mississippi has just begun. PEER's unannounced tests found that Healthmarc employees complied with contract terms by responding to telephone calls as promptly as specified.

243. A STUDY OF MEDICAL MALPRACTICE CLAIMS IN MISSISSIPPI: 1980-1989, August 21, 1990, 52 pages

In response to a legislative request, the PEER Committee reviewed Mississippi's medical malpractice claims over the last decade. The request stemmed from a similar 1988 Minnesota study which drew nationwide attention. PEER found that average physician malpractice insurance rates increased over 200% from 1980 to 1989. Insurer's costs increased during this same period, primarily due to an increase in claims and higher costs of indemnifying claimants. However, the number of medical malpractice claims began showing a downward trend in 1988 and 1989.

244. A REVIEW OF THE AQUACULTURE AND POULTRY SCIENCE RESEARCH PROGRAMS OF THE DIVISION OF AGRICULTURE, FORESTRY, AND VETERINARY MEDICINE, MISSISSIPPI STATE UNIVERSITY, August 21, 1990, 34 pages

PEER found weaknesses in the way Mississippi State University's Division of Agriculture, Forestry, and Veterinary Medicine identifies aquacultural and poultry industries' research needs. In particular, the division's fragmented planning efforts lack specific priority-setting mechanisms and allow little formal industry participation in needs assessment. In addition, Mississippi State University research units lack a formal methodology to allocate research funding by department. As a result of fragmented research activities, breakdowns in communicating research results to industry users have occurred.

245. 1989 SURVEY OF COST OF ISSUANCE EXPENSES OF LOCAL BOND ISSUES, August 21, 1990, 76 pages

PEER surveyed local entities to determine cost of issuance expenses of local bond issues during 1989. This report is an informational tool designed to provide legislators with an accounting of local bond issuance expenses. This report contains no conclusions and makes no recommendations.

246. FOLLOW-UP REVIEW OF THE 1989 ANALYSIS OF THE MANAGEMENT AND OPERATION OF THE CENTRAL DATA PROCESSING AUTHORITY, August 21, 1990, 22 pages

The PEER Committee's 1989 *Management and Operational Review of the Central Data Processing Authority* contained eight recommendations to improve CDPA's management information systems, management process, and the Education Institute. PEER's follow-up found that CDPA addressed all eight recommendations in a constructive and timely manner.

247. AN ANALYSIS OF TAX LEVIES OF THE PONTOTOC COUNTY SCHOOL DISTRICT, August 21, 1990, 12 pages

FY 1987 tax collections for the Pontotoc County School District exceeded the statutory limit; however, the school district properly requested the county to lower its FY 1988 tax levy to offset the excess. The tax levy and collections for the school district were within statutory limits for FY 1989. However, for FY 1987 and FY 1988 the county's individual levies for the Minimum Education Program misrepresented the Pontotoc County School District's local contribution required by state law to support the program.

248. AN EVALUATION OF THE OFFICE CLOSINGS AND REDUCTION-IN-FORCE OF THE MISSISSIPPI EMPLOYMENT SECURITY COMMISSION, October 16, 1990, 76 pages

The Mississippi Employment Security Commission (MESC) resorted to employee layoffs and local office closures because House Bill 1498, which would have provided MESC with increased revenues, failed to pass the 1990 Legislature. PEER's review found:

- MESC is experiencing a project FY 1991 net funding shortage of \$1.7 million because of insufficient federal funding, legislative mandated salary increases and, consistent with federal law, the Governor's full use of 10% of Wagner-Peyser funds that could have been used by MESC.
- MESC's estimates of H. B. 1498's effect on the unemployment trust fund were inaccurate and were not based upon an actuarial impact study.
- MESC management did not take sufficient action to control expenditures to address declining resources. Out-of-state travel increased 84% from FY 1988 to FY 1989 and use of personal services contractors increased 245% from FY 1988 to FY 1990.
- The office closure plan was not based upon a comprehensive and objective method and was not in compliance with the state FY 1991 appropriation bill.
- While layoffs of unemployment insurance personnel complied with State Personnel Board regulations, a proposed plan for laying off employment service employees was not approved by SPB because of noncompliance with SPB rules. The employment plan was withdrawn after the Governor and MESC

Chairman decided to keep offices open part time.

249. A REVIEW OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S DISPOSITION OF THE STATE'S CHARITY HOSPITALS' ASSETS, October 16, 1990, 25 pages

During the 1989 session, the Legislature mandated the closure of the state's charity hospitals, effective July 1, 1989. MISS. CODE ANN. Section 41-11-11 gave the Department of Finance and Administration (DFA) responsibility for disposition of charity hospitals' property, but did not specifically address how the department should implement and administer the property disposition requirements of the law. Although DFA's transfers of hospital buildings and land complied with statutory provisions, PEER determined that:

- DFA did not clearly establish property disposition duties and responsibilities.
- Neither the State Auditor's Office nor DFA established an accurate physical inventory of charity hospitals' property (valued at approximately \$2,687,398).
- DFA's failure to secure and control access to each hospital's property contributed to alleged theft.
- DFA did not establish property disposition criteria.

250. A REVIEW OF MISSISSIPPI'S LONG-TERM CARE FACILITY LICENSING AND CERTIFICATION, THE EFFECT OF FEDERAL DEREGULATION ON THE CERTIFICATE OF NEED PROGRAM, AND AN INVESTIGATION OF RELATED BUSINESS ACTIVITIES OF A FORMER BOARD OF HEALTH EMPLOYEE, October 16, 1990, 28 pages

The State Board of Health protects the interests of long-term care facility residents through the administration of its licensure and certification program. This program effectively administers state and federal regulations relative to quality of care and facilities. However, the State Board of Health has not provided long-term care facility operators with training and orientation concerning the objectives of the licensure and certification process. The program also lacks an intermediate state sanction suitable for facility operators whose conduct violates regulations but does not warrant revocation or suspension.

PEER presented three options concerning the construction of new long-term care facilities:

- retain the legislative moratorium on new beds;
- retain the certificate of need program and eliminate the moratorium; or,
- allow the free market to determine where beds will be located without state regulation or control.

PEER further determined that the activities of a former Board of Health employee in acquiring real property from an owner of a long-term care facility did not violate state law, but gave an appearance of impropriety.

251. A REVIEW OF THE DEPARTMENT OF HUMAN SERVICES' SECURITY CONTRACT FOR THE WILSON'S BUILDING, October 16, 1990, 23 pages

Because of concerns about employee safety, PEER reviewed the history of security contracts at the Mississippi Department of Human Services headquarters. On April 1, 1990, the Department of Human Services moved its administrative staff and computer equipment to the Wilson's Building, 3450 Highway 80 West, in Jackson.

The department did not conduct a security needs assessment and did not initiate a formal competitive bid process before entering into the contract with Young's Detective and Security Guard Service.

The department took corrective action after hiring an outside security expert to review security requirements. The PEER Committee recommends legislation to require competitive bids for all personal services contracts with the exception of contracts for any profession regulated by the State of Mississippi (such as architects, attorneys, or physicians).

252. A REVIEW OF CASH MANAGEMENT POLICIES, PROCEDURES AND PRACTICES OF MISSISSIPPI'S INSTITUTIONS OF HIGHER LEARNING, November 20, 1990, 41 pages

Cash management responsibilities of the entities of the Board of Trustees, Institutions of Higher Learning (IHL) are much greater than most state agencies' because most IHL funding remains outside of the Treasury after collection. Because the IHL board has not exercised oversight over university cash management practices, numerous instances of ineffective cash management have occurred.

- Eleven university officials and two IHL board members with direct or indirect cash management responsibilities also had financial interests in financial institutions with which their respective universities or offices were doing business.
- Four institutions and the IHL central office have not contracted with depositories as required by state law.
- Four institutions do not have formal cash management/investment policies and procedures.
- Five institutions do not obtain competitive bids on certificates of deposit, and five institutions solicit banking services based on public relations concerns rather than effectiveness and efficiency concerns.
- Five institutions did not adequately monitor collateral pledged by financial institutions to cover deposits in excess of federal insurance limits during fiscal year 1989.

As of June 30, 1989, over seventy-eight percent of endowments on behalf of Mississippi universities were held by private foundations and administered primarily by university officials with no state oversight.

253. A REVIEW OF THE FINANCING OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI, December 18, 1990, 55 pages

The current Mississippi state and local governmental employer's Public Employees' Retirement System (PERS) contribution rate is 9.75% of payroll, 5.53% to pay off the Public Employees' Retirement System's unfunded, accrued liability and 4.42% for current benefits.

Given the 5.53% rate, the unfunded, accrued liability will be paid off by 2019. However, it is likely that the Legislature will be asked to increase benefits before that time, which could either require increases in contributions or push back the date at which the system will be fully funded. The method of financing the amortization period raises the issue of intergenerational equity: which generation of taxpayers will bear the burden of current retirement benefits?

This report recommends that the Legislature require the PERS board to adopt a market-related asset valuation in actuarial calculations and adopt a strategy for dealing with actuarial gains and losses.

254. A REVIEW OF A STATE DEPARTMENT OF HEALTH LEASE FOR A WOMEN, INFANTS AND CHILDREN PROGRAM WAREHOUSE IN TUNICA, November 20, 1990, 18 pages

The Mississippi Department of Health administers the Women, Infants and Children (WIC) Program (a food distribution program for pregnant women, nursing mothers and children) in each of its nine health districts. Due to hazardous building conditions, the District I WIC warehouse in Tunica was forced to relocate and lease a newly constructed facility. PEER reviewed the Tunica warehouse lease to determine whether the Department of Health complied with leasing guidelines of the Department of Finance and Administration's Division of Property Management and to answer specific questions concerning the lease. PEER determined that breakdowns in the leasing process occurred at three points: with Department of Health management, with the District I WIC Warehouse supervisor, and with the Division of Real Property Management.

255. A REVIEW OF USE VALUE PROCEDURES FOR ASSESSING AGRICULTURAL LAND FOR TAXATION PURPOSES, November 20, 1990, 48 pages

In 1980, the Legislature established the use value method of property appraisal, whereby agricultural and forest lands are valued according to the productivity of the land and income generated by it, rather than at market value. The State Tax Commission has the statutory responsibility for equalizing agricultural land assessments among counties. By failing to base use value computations on statistically valid sampling procedures and by adopting use values derived from procedures other than those set forth by statute, the Tax Commission has not ensured that agricultural land values are established in compliance with the law. Also, the commission has not adequately monitored the assessment of agricultural land to ensure that uniform and equal assessments exist among the eighty-two counties as required by law.

In addition, the State Tax Commission has not required evidence or support documentation from counties before approving changes in agricultural property tax assessments, which has resulted in the in appropriate reduction of property taxes.

256. FOLLOW-UP REVIEW OF THE 1989 ANALYSIS OF THE STATE'S CLERICAL SKILLS TEST ADMINISTRATION AND THE DEPARTMENT OF HEALTH'S RESPONSE TO STATE PERSONNEL BOARD PROCEDURES, November 20, 1990, 18 pages

The PEER Committee's 1989 *Review of the State's Clerical Skills Test Administration and the Department of Health's Response to State Personnel Board Procedures* contained six recommendations designed to strengthen the state's clerical skills test administration procedures and to

prevent unqualified applicants from being certified as qualified. Three recommendations were directed to the Mississippi Employment Security Commission, one recommendation was addressed to the State Personnel Board, and the final two recommendations applied to the Department of Health.

PEER's follow-up found that all of the recommendations proposed have been addressed by the appropriate agency; however, weaknesses still exist in each agency's actions.

- MESC personnel should take greater care to ensure accuracy during their rescoring and monitoring efforts.
- The State Personnel Board should continue its monitoring on a more timely basis and re-emphasize the importance of the effort.
- The Department of Health should comply with its own procedures concerning performance appraisal.

257. A SURVEY OF STATE AGENCIES' USE OF PRIVATE ATTORNEYS, December 18, 1990, 21 pages

Recent court decisions have confirmed that the Attorney General has prior approval authority over state agencies' hiring of private attorneys. PEER's survey of one hundred sixty state agencies showed that at least eight agencies which contracted with private attorneys during fiscal year 1990 did not comply with this requirement. PEER also determined that, although the Attorney General's Office had verbally assisted agencies in complying with the pre-approval requirement, all agencies have not been notified in writing of the requirement.

Without state-level approval of private attorneys, the Legislature cannot be assured that agencies' expenditures of public funds for private attorneys are both warranted and efficient. In addition, without prior approval of

private attorneys, the Attorney General cannot effectively direct and control the state's litigation policy.

258. THE IMPACT OF THE MISSISSIPPI EXECUTIVE REORGANIZATION ACT OF 1989 ON THE EXECUTIVE BRANCH OF STATE GOVERNMENT: PHASE TWO, January 22, 1991, 54 pages

House Bill 659, 1989 Regular Session, required a second and final PEER report on executive branch reorganization after one year of experience.

Reorganization reduced the number of state agencies from ninety-seven to eighty-five and produced a net savings to the state of \$143,458 in fiscal year 1990 and annual recurring savings of \$928,744 beginning in fiscal year 1991. All savings and costs as they accrue will be absorbed directly by the reorganized agencies.

PEER analyzed 397 performance indicators of reorganized agencies. There is no indication that reorganization *per se* improved the delivery of services. Performance for 25 percent of the indicators showed a clear improvement, while an almost equal portion (27 percent) declined. No clear conclusion could be drawn for the remaining 48 percent due to staffing changes or insufficient information.

259. FOLLOW-UP REVIEW OF THE 1990 PERFORMANCE EVALUATION OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, January 22, 1991, 15 pages

This report follows up on the recommendations made in PEER's 1990 performance evaluation of the Public Employees' Retirement System. The prior report evaluated internal accounting controls, management of the deferred compensation program, and contained an actuarial audit of the system.

PERS has implemented nearly all recommendations contained in PEER's 1990 report, with few exceptions. It has failed to seek a legislative appropriation to authorize its expenditures for investment managers' fees, relying on an outdated Attorney General's opinion which holds that the system is a private corporation.

260. DEFICIT SPENDING IN MISSISSIPPI STATE GOVERNMENT, February 28, 1991, 7 pages

The PEER Committee takes exception to the Department of Finance and Administration's permitting deficit spending by state agencies. State statutes clearly prohibit deficit spending and the Mississippi Constitution provides the Legislature with sole authority to set spending limits. This report constitutes a warning to agency directors that PEER will take exception to any expenditure made by an agency in excess of its legal spending authority in a given year and may recommend recovery of misspent funds from responsible officials in each case.

The Department of Finance and Administration approved payment of \$1,173,617 in Department of Corrections obligations incurred during fiscal year 1990 with funds appropriated for fiscal year 1991.

Cecil Brown, the former Executive Director of the Department of Finance and Administration, suggested that this deficit spending practice has had the blessing of the Legislature in the past, that strict adherence with the law might "shut down" state government since many agencies indulged, and that the statutes are not clear with regard to the legality of such expenditures.

261. 1990 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1990, March 1, 1991, 94 pages

The report details the PEER Committee's 1990 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

262. REVIEW OF THE MISSISSIPPI BUREAU OF NARCOTICS' INVESTIGATION INTO ALLEGATIONS OF FRAUD INVOLVING AIRCRAFT REPAIR COSTS, June 4, 1991, 9 pages

In 1988, a Mississippi Bureau of Narcotics (MBN) agent investigated MBN aircraft repairs made in 1987. Neither the MBN's Executive Director nor the Commissioner of Public Safety clearly established who was to supervise the investigation, which was never completed and lacked critical investigative elements.

The MBN investigator testified to a PEER Committee subcommittee that the bureau does not consistently adhere to internal controls for seized property. Such lapses reportedly allowed an MBN employee without authorization to barter avionics from a seized aircraft for radio equipment and installation. PEER recommends that the Department of Audit review the bureau's adherence with the state's accounting and inventory procedures and purchasing laws.

263. REVIEW OF THE NORTHEAST MISSISSIPPI PLANNING AND DEVELOPMENT DISTRICT'S REVOLVING LOAN FUND, June 4, 1991, 53 pages

The Northeast Mississippi Planning and Development District (NMPDD) operates a revolving loan fund to promote long-term economic growth by

creating jobs and stimulating private investment. The district's credit policies have not been consistent with federal and internal lending regulations or sound banking principles. The district made loans to parties related to district employees and agents by business or marriage, which may violate federal conflict of interest guidelines. NMPDD also has not followed federal grant agreement conditions prohibiting one district employee from association with certain grant programs, thus jeopardizing the district's funding from that federal agency.

264. LIMITED REVIEW OF MISSISSIPPI'S INSTITUTE FOR TECHNOLOGY DEVELOPMENT, July 30, 1991, 67 pages

Ninety-four members of the Mississippi House of Representatives requested a review of the Institute for Technology Development (ITD) focusing on financial controls and jobs and personal income produced.

Federal auditors are satisfied that ITD's financial system procedures and practices, including procurement, now comply with federal standards. The Institute has implemented several management controls, such as zero-based budgeting, designed to reduce waste.

With respect to ITD's role in the creation of new jobs and personal income, ITD has fallen far short of its original promise of 25,000 jobs and \$1 billion in new industry within ten years. Six years into its operation, the Institute claims creation of 625 high-tech and service sector support jobs and \$14 million in income from new industry. Only twenty-three of these jobs are in private "spin-off" companies in Mississippi.

265. A REVIEW OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT, DIVISION OF ENERGY AND TRANSPORTATION'S OIL OVERCHARGE PROGRAM, July 30, 1991, 93 pages

Oil overcharge funds were intended to provide court-ordered restitution to consumers overcharged by oil companies from 1973 through 1981. In Mississippi, the Department of Economic and Community Development's Division of Energy and Transportation promotes energy conservation and assistance programs through grants and contracts to individuals or firms who submit proposals for overcharge funds.

A July 1988 Division of Energy and Transportation news release and legal notice did not adhere to the division's own standard operating procedures for soliciting and selecting proposals. At the time of the 1988 news release and legal notice, the Board of Energy and Transportation had not prepared a statewide energy and transportation plan as mandated by state law. Without such a plan, the division had no basis on which to develop formal criteria to evaluate stripper well proposals in the context of the state's energy needs and court-ordered guidelines.

The division advanced installments of loan awards which were contingent upon completion of incremental tasks prior to the borrowers' completion of such tasks. The division also paid contractors who did not submit deliverables or failed to complete projects on schedule. PEER also identified a possible violation of state law involving a contractor who falsely claimed to be a registered professional engineer. Upon PEER's inquiry, the contractor suggested that this misrepresentation was due to an inadvertent error made during production of contract proposal documents.

266. A REVIEW OF HOSPITAL PRIVATIZATION IN MISSISSIPPI AND A SUMMARY OF THE LEASE PROVISIONS OF METHODIST MEDICAL CENTER AND BAPTIST MEMORIAL HOSPITAL-NORTH, August 20, 1991, 34 pages

Privatization of public hospitals appears to be a trend throughout America because of the increasing cost of operations for public entities. Privatization of a public hospital occurs through sale, leasing or entering management contracts. Forty-four of Mississippi's 106 hospitals are public, with the remaining sixty-two hospitals operating under private management.

PEER reviewed the lease transactions of Methodist Medical Center in Jackson and Baptist Memorial Hospital-North in Oxford. If lease provisions of both leases are fulfilled, the public health and welfare of the citizens of Hinds and Lafayette counties may be improved. Both entities complied with all relevant state laws in their procurement of personal services for lease negotiations.

267. AN ANALYSIS OF LOCAL GOVERNMENT FUNDING AND SERVICES: LAUDERDALE COUNTY/CITY OF MERIDIAN/TOWN OF MARION, November 7, 1991, 61 pages

Lauderdale County and the City of Meridian have engaged in a lengthy debate over the terms "tax equity" and "double taxation." At the request of Lauderdale County, PEER sought to clarify certain issues around which the debate centers:

- No accepted definitions exist for the terms "tax equity" and "double taxation."
- \$4.5 million of the county's \$7.5 million in ad valorem taxes for fiscal year 1990 (60.2%) was collected on property in the City of Meridian.

- Lauderdale County residents outside of Meridian's city limits provided \$1.4 million (19.76%) of Meridian's \$7.3 million in sales tax revenue for fiscal year 1990.
- 57.07% of Lauderdale County's road and bridge tax revenues for fiscal year 1990 originated within the City of Meridian, while 7.09% of Lauderdale County's disbursements from road and bridge tax revenues was used inside the City of Meridian.
- Local tax revenue originating in the City of Meridian provided 71.17% of the local government funding for Meridian Public Library and 55.50% of the local government funding for the Multi-County Community Service agency during fiscal year 1990.

268. A LIMITED MANAGEMENT REVIEW OF THE VETERANS' AFFAIRS BOARD, November 7, 1991, 70 pages

The seven-member Veterans' Affairs Board has not provided adequate oversight of the agency's Executive Secretary and administrative staff, resulting in safety deficiencies in the Mississippi State Veterans' Home which have been cited by the State Board of Health and the United States Department of Veterans' Affairs.

The board's inadequate oversight has also resulted in weaknesses in the agency's accounting operations. Specifically, the agency cannot account for all patients' personal funds, did not follow its own procedures governing expenditure of personal funds, and has not established procedures to govern the use of donated funds. The agency also has not implemented all recommendations made by the Department of Audit in its FY 1990 audit report on the Veterans' Affairs Board.

The State Veterans' Home van compromises patient safety because the vehicle's power lift is not properly equipped to carry wheelchair-bound persons. The agency also has not devised a needs-based plan governing the acquisition of equipment.

269. DEFICIT SPENDING IN MISSISSIPPI STATE GOVERNMENT: A FOLLOW-UP REVIEW, November 7, 1991, 4 pages

The PEER Committee's *Deficit Spending in Mississippi State Government* (FY 1990) took exception to the Department of Finance and Administration's permitting agencies to pay for a prior year's obligations with the current year's appropriated funds. In order to follow up on state agencies' compliance with legal spending limits established by the Legislature, the PEER Committee authorized this second review of year-end expenditures.

From a random sample of 277 general fund transactions made by various state agencies between July 1 and August 1, 1991, PEER identified twenty-six transactions (9.4% of the sample) in which state agencies incurred obligations during fiscal year 1991 but requested that the Department of Finance and Administration issue warrants to pay the obligations from fiscal year 1992 appropriations. The total dollar value of such transactions identified in the sample was \$15,039 (3.2% of the dollar value of all transactions tested). Two agencies' obligations represented deficit expenditures, as they exceeded those agencies' remaining legal spending authority at fiscal year 1991 year end.

After reviewing the results of the random sample of general fund expenditures, PEER concludes that state agencies, as a whole, did not incur substantial obligations at the end of fiscal year 1991 to be paid from fiscal year 1992 appropriations.

270. REVIEW OF THE STATE OF MISSISSIPPI'S EMPLOYEE HEALTH INSURANCE PLAN, December 17, 1991, 60 pages

For the past four years, Department of Finance and Administration (DFA) managers have postponed making necessary, but politically unpopular, business decisions to manage the State Employees' Health Plan. DFA also did not develop an adequate system to monitor the position of the reserve fund regularly and analyze claims data and usage patterns upon which to base management decisions.

DFA allowed the Plan to become financially unsound with only \$3 million in cash reserves at October 31, 1991, far short of the industry standard (\$17.9 million, which represents the claims liabilities owed by the Plan) and well below the May 1988 \$25 million reserve. This depletion of reserves occurred because DFA failed to follow the recommendations of its actuarial consultants to raise premiums. As a result, the state or state employee Plan members will have to finance large premium increases in one year rather than smaller increases over a period of several years.

271. A REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF HEALTH'S DISTRICT I HOME HEALTH AGENCIES, December 17, 1991, 29 pages

The Department of Health's District I home health services program, which covers nine counties in northwest Mississippi, has had a history of policy compliance and management problems. Despite repeated unsatisfactory evaluation reports of the district's home health program, the State Health Officer, the District I Director, the District I Administrator, and the District I Home Health Supervisor have not taken aggressive corrective action. As a result, the District I program has uncorrected problems in its patient care and quality assurance programs. In addition,

district managers have not followed professionally accepted personnel management practices.

The district's Region B home health agency conducted a mass discharge of patients in the summer of 1991 which did not comply with departmental policies and may have left patients without arrangements for further health care.

272. A LEGAL REVIEW OF CERTAIN PROPERTY FORFEITURES EXECUTED FOLLOWING CRIMINAL INVESTIGATIONS, December 17, 1991, 39 pages

No state laws require law enforcement authorities to follow orderly inventory, custody and disposal procedures for property seized during gambling, bingo, drug and other vice arrests.

Laws governing the distribution of forfeited assets are not uniform and allow prosecutors to choose the provision most likely to result in a favorable distribution of assets. Disposition provisions of the Racketeer Influenced and Corrupt Organization Act are unclear regarding payment of investigative expenses from seized assets.

273. FY 1990 ACTUARIAL REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI, December 17, 1991, 61 pages

MISS. CODE ANN. Section 25-11-101 (1972) requires PEER annually to review actuarial and financial aspects of the Mississippi Public Employees' Retirement System. This year's review focuses on adequacy of benefit levels, the impact of new Governmental Accounting Standards Board reporting requirements, and implications of the Tax Reform Act of 1986.

The report summarizes mechanisms for monitoring public retirement systems, including methods currently used by the Mississippi Legislature.

274. LIMITED FOLLOW-UP REVIEW OF THE VETERANS' HOME PURCHASE BOARD'S LOAN PROCESSING, LOAN SERVICING, AND MANAGEMENT, December 17, 1991, 16 pages

The Veterans' Home Purchase Board (VHPB) has taken positive steps to address loan processing, loan servicing, and management weaknesses identified in PEER's 1988 review.

The board computerized its mortgage processing system, improved the timeliness of loan processing, and increased publicity of its loan program—all badly needed improvements correcting long-standing weaknesses identified by PEER in 1974, 1980, and 1988.

275. INVESTIGATIVE REVIEW OF THE STATE BOARD OF PHARMACY, February 3, 1992, 32 pages

PEER investigated allegations of inequitable investigative procedures and selective enforcement of state laws and regulations by the Pharmacy Board and its former Executive Director. The Pharmacy Board's practice of making its Executive Director totally responsible for the issuance of official board charges without written guidelines allows for inequitable enforcement of regulations. In addition, the board's discretionary authority and failure to review violation and fine patterns in determining penalties for noncomplying pharmacists can result in inevitable penalties.

276. A REVIEW OF THE STATE DEPARTMENT OF EDUCATION'S INTERNAL MANAGEMENT AND ITS OVERSIGHT OF DISTRICT AND STUDENT PERFORMANCE, February 19, 1992; Volume I—284 pages, Volume II—311 pages

- The State Department of Education spends 44% of the state general fund and oversees public education, which accounts for 25% of all general expenditures of state and local government in Mississippi.
- The State Board of Education is moving toward "de-regulation" of districts and reductions in testing, even though 10% of students tested cannot master reading, math, and writing and 37% fall below minimum performance levels in at least one of these subjects.
- Low accreditation standards, excessive technical jargon, and the use of district averages make it difficult for parents to hold school officials accountable.
- Only 145 of the department's 754 employees work in the division that provides curriculum support to regular classroom teachers; 525 work in other programs and 215 work at the Schools for the Deaf and Blind.
- The Associate Superintendent of Vocational-Technical Education has not been accountable to either the Board or State Superintendent of Education since 1986.
- Vocational-technical education received \$10 million more in general funds in FY 1989 through 1991 than needed to maintain federal funding, including a \$1.8 million deficit appropriation in FY 1991.

- The Minimum Program law requires excessive paperwork, is less precise than systems used in 42 other states, and permits "double-counting" of certain special education and vocational-technical students.
- The board's five-year plan is not comprehensive, lacks measurable outcomes, and has not been used effectively to guide departmental budgeting and services to school districts. The department does not have effective internal audit and program evaluation systems.

277. 1991 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1991, February 15, 1992, 101 pages

The report details the PEER Committee's 1991 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

278. AN ANALYSIS OF ATTENDANCE AT MISSISSIPPI VETERANS MEMORIAL STADIUM DURING THE 1991 MISSISSIPPI VALLEY STATE UNIVERSITY -VS- JACKSON STATE UNIVERSITY FOOTBALL GAME, March 30, 1992, 18 pages

In response to a legislative request, the PEER Committee reviewed the Veterans Memorial Stadium official attendance count during the September 29, 1991, Mississippi Valley State University (MVSU) versus Jackson State University (JSU) football game. Based upon statistical correlation between food sales and attendance, PEER confirmed the stadium's estimate of 32,459. The 51,233 figure estimated by MVSU was based upon an unscientific sportswriters' poll.

279. A REVIEW OF MANAGEMENT OF THE OFFICE OF YOUTH SERVICES BY THE DEPARTMENT OF HUMAN SERVICES, May 26, 1992, 22 pages

The Department of Human Services (DHS) incorporated the formerly independent Department of Youth Services as a result of 1989 legislation reorganizing certain executive branch agencies.

The merger of Youth Services did not reduce duplication and fragmentation of children's services, as was suggested by the 1988 Governor's Reorganization Commission proposal.

- Youth Services' annual administrative personnel costs increased by \$109,000.
- Multiple levels of DHS management control hampered the Office of Youth Services, with personnel, purchasing, and budgeting functions becoming more complex.
- Youth Services' control by a gubernatorial appointee diminished the office's ability to focus on serving delinquent youth. Youth Services must compete for resources with other statewide priorities of the Governor (e.g., education, economic development).
- The level of in-service training provided to Youth Services employees decreased.

280. A REVIEW OF THE RENEGOTIATION OF RANKIN COUNTY SCHOOL DISTRICT SIXTEENTH SECTION LEASES, May 26, 1992, 17 pages

Rankin County School District is renegotiating its sixteenth section leases in accordance with directives by the Secretary of State and as guided by the MISSISSIPPI CONSTITUTION and state statutes.

As a result of these renegotiations, the district has increased annual rental least amounts by 1000%, from \$22,449 (before renegotiations) to \$246,990 (at March 30, 1992). Total rental values for these leases is now \$7,975,141, in comparison with \$601,834 before renegotiations. The accumulated costs (July 1, 1985, through March 30, 1992) associated with the renegotiations totals \$595,222, equivalent to approximately two and three-quarters years of additional revenues collectible under the leases.

No provisions in the law allow school districts to recover related costs from lessees. The school districts must absorb the related costs and, if litigated, rely on the court system to award these costs back to them, which cannot be guaranteed.

The Rankin County School District has forty-six active lawsuits related to these mandated renegotiations. The first suit has recently been heard; outcome of this litigation could affect future cases and related costs.

281. AN INVESTIGATION OF THE ACTIVITIES OF THE MANSION TRUST AND ITS RENOVATION OF THE GOVERNOR'S MANSION, June 23, 1992, 44 pages

In 1988, associates of then-Governor Ray Mabus formed The Mansion Trust to renovate the private quarters of the Governor's Mansion. According to Trust bylaws and articles of incorporation, its sole purpose was to benefit the Governor's Mansion. The Trust was insolvent as of May 5, 1992, and in default on debt of \$184,552 held jointly by Trustmark National Bank and deposit Guaranty National Bank.

PEER also found that:

- Trust officials solicited contributions for the Trust on the premises of the Governor's Mansion

in violation of MISS. CODE ANN. Section 29-5-85.

- The Office of General Services, an agency controlled by the Governor, did not supervise the Trust's \$582,958 renovation as required by state law.
- The Trust did not fully inform the Department of Archives and History about bank loans and plans to provide furnishings only during the Mabus term.
- The Trust sold Trust furnishings with an original cost of \$33,420 to Governor Mabus for \$30,963 eight days before the end of the Governor's term.

PEER recommends corrective legislation clarifying authority of the Office of General Services and the Department of Archives and History over renovations of state buildings financed by private funds.

282. A REVIEW OF THE OFFICE OF SOCIAL SERVICES OF THE DIVISION OF FAMILY AND CHILDREN'S SERVICES, July 21, 1992, 87 pages

PEER finds no compelling reason for the Office of Social Services (OSS) to change its current organization structure, an appropriate and viable regional social service delivery concept set forth in Sections 35-41, Chapter 500, *Laws of 1986*. However, OSS has not reached its fullest service potential because it has not developed a quality assurance system capable of identifying and addressing individual failures and needs that limit the office's effectiveness.

The Office of Social Services should develop or refine the following components of a comprehensive quality assurance system:

- valid employment standards;
- relevant initial training and continuing education for service workers;
- a routinely conducted, quality-based employee appraisal system;
- ongoing assessments of the adequacy and placement of staff resources and analysis of the service needs of its clients; and,
- a documentation system that provides management with timely and accurate exception reports for system correction.

PEER makes specific recommendations on how these components should be developed and implemented.

283. A LIMITED REVIEW OF THE RANKIN COUNTY BOARD OF EDUCATION'S PURCHASE OF FIRE AND EXTENDED COVERAGE INSURANCE, July 21, 1992, 41 pages

The Rankin County School District purchased fire and extended coverage insurance on April 22, 1992, for an annual premium of \$42,949. Although the school district's purchase of such insurance was exempt from state purchasing laws, the board's evaluation of bids received was flawed.

The school district determined the bid submitted by Great American Insurance Company to be the "lowest and best" because, although the bid was not the lowest monetarily, the district considered evaluation criteria not contained in the formal request for proposals. If state purchasing laws had been applicable to the school district's purchase of insurance, the district's evaluation process would have violated state purchasing laws.

PEER recommends that the Legislature amend state purchasing laws (MISS. CODE ANN. Section 31-7-13 [1972]) by deleting the exemption that allows governing authorities to purchase fire, automobile, casualty, and liability insurance without first receiving sealed, competitive bids.

284. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S PROCEDURES FOR THE PROCUREMENT OF PROFESSIONAL ENGINEERING SERVICES, October 19, 1992, 25 pages

Since July 1, 1989, the Mississippi Department of Transportation (MDOT), formerly the State Highway Department, has utilized its own engineers to design 437 projects and has awarded twenty-seven engineering design services contracts totaling \$5,417,626 to private-sector engineers. MDOT awarded ten of these contracts (37%), totaling \$2,987,253, to out-of-state engineering firms.

Although MDOT has complied with federal regulations concerning procurement of engineering services, it has not complied with MISS. CODE ANN. Section 73-13-45 (1972) in four of the ten contracts awarded to out-of-state engineering firms. In addition, MDOT's Internal Auditor serves on the Consultant Selection Committee, which is inconsistent with internal audit standards.

285. A LIMITED REVIEW OF THE MANAGEMENT OF TAX-FORFEITED LANDS BY THE DIVISION OF PUBLIC LANDS, OFFICE OF THE SECRETARY OF STATE, November 16, 1992, 26 pages

The Office of the Secretary of State manages and sells land forfeited to the state for non-payment of local property taxes. For those sixty-nine counties for which the Secretary of State has current computer records, the number of land

tracts available for sale totals 7,776. Although the office advertises individual parcels and maintains lists of such properties accessible to the public, the office does not aggressively market the lands; does not have a formal procedure to define how long the office works with delinquent owners before offering lands to the highest bidders; and, while offering certain "blighted" properties at a reduced price, the office has not defined the term "blighted."

Counties have been lax in reporting market values and record owners of such lands, and no state agency regularly inspects these lands for trespass or waste. While many persons have disputed the revenue-generating capacity of tax-forfeited land sales, the Secretary of State estimates that approximately \$500,000 per year (up to a cumulative total of \$5 million) in new revenue could be generated, based on parcel values of \$13 million.

The Secretary of State should strengthen sales and management of public lands and consider privatizing the function to a real estate firm, or the Legislature could, by statute, allow lands to be sold or managed by the counties.

286. THE PRIVATIZATION POTENTIAL OF MISSISSIPPI'S STATE PROGRAMS AND SERVICES, November 30, 1992, 79 pages [Required by the Budget Reform Act of 1992 (House Bill 505, 1992 Regular Session)]

Over the past decade, Mississippi has experienced an increasing demand for public services, increasing operational costs for existing programs and services, and the need for new revenue sources. To solve these problems, elected officials and governmental managers must employ every available management technique to improve both the efficiency and effectiveness of state programs and services. The privatization of state

government programs and services is one such management technique.

This report identifies potential candidates for privatization, gives fiscal year 1992 state costs for these candidates, and proposes a privatization program under the oversight of a new Joint Legislative Privatization Commission. The suggested potential candidate pool for privatization includes eighty-nine state programs and four sub-programs in thirty executive branch agencies with \$631,721,344 in expenditures and approximately 23,020 full-time equivalent employees, plus twenty-two selected government-wide support services (e.g., printing, facility maintenance) at a reported cost of \$314,332,656 with approximately 10,119 full-time equivalent support employees.

287. A LIMITED REVIEW OF THE GOLDEN TRIANGLE REGIONAL MEDICAL CENTER: OWNERSHIP ISSUES AND ROLE OF SUPPORT CORPORATIONS, November 16, 1992, 42 pages

On August 24, 1992, the Lowndes County Board of Supervisors voted to advertise for sale or lease of Golden Triangle Regional Medical Center (GTRMC), a 326-bed county-owned public hospital located in Columbus, Mississippi. The board of supervisors failed to utilize a systematic approach and objective criteria to determine whether to sell or lease GTRMC. In addition, the board of supervisors and GTRMC Board of Trustees did not formally evaluate all eleven proposals received for the sale or lease of GTRMC prior to selecting Baptist Memorial Health Care Systems' proposal for further negotiation.

Local health care supporters organized four corporations to expand community involvement in health care, particularly that provided by GTRMC. However, GTRMC employees influence operation of the corporations heavily,

thus compromising the corporations' original intent.

288. A LIMITED REVIEW OF THE EFFECTIVENESS OF THE STATE BOARD OF ELECTION COMMISSIONERS IN RESOLVING CONTESTED LEGISLATIVE ELECTIONS, November 30, 1992, 13 pages

PEER evaluated the effectiveness of the Board of Election Commissioners (composed of the Governor, the Attorney General and the Secretary of State) in resolving qualifications disputes between candidates for the Legislature.

The Mississippi Supreme Court said in *Foster v. Harden*, 536 So. 2d. 905 (Miss, 1988) that qualifications disputes between legislative candidates are within the exclusive jurisdiction of the Mississippi House of Representatives and the Senate, based on Section 38 of the MISSISSIPPI CONSTITUTION.

PEER recommends that the Legislature authorize county elections commissions to collect information regarding candidates' qualifications for the House and the Senate when these bodies draw conclusions on candidates' qualifications in contested elections.

289. A REVIEW OF THE STATE'S FINANCIAL STATEMENTS, FISCAL CONTROLS, AND STATEWIDE AUTOMATED ACCOUNTING SYSTEM, November 30, 1992, 116 pages [Required by the Budget Reform Act of 1992 (House Bill 505, 1992 Regular Session)]

The state's current financial statements and fiscal controls are not completely effective in their purpose of aiding the Legislature and the Governor to employ and be accountable for the state's limited resources. Current state financial reports contain dissimilar and incomplete information which must be reviewed piecemeal. The state's fiscal

control system places too much emphasis on detailed control of expenditures and overlooks other methods of more effective control and direction of the state's financial resources.

The Department of Finance and Administration's statewide automated accounting system (SAAS) has specific benefits, but the system has not reached its full potential and has not been a high state priority.

The dominant influence over the state's fiscal controls is the budgeting system. The current budgeting system contributes to the following weaknesses: control by line-item expenditures (salaries, travel, etc.) rather than more effective controls by agencies' activities (the services and results delivered with the funds provided); focus on State Treasury accounts (source of resources) rather than the more appropriate focus on generally accepted accounting principles funds (use of resources); and, the lack of determined fiscal priorities and evaluation of agencies' performance toward objectives.

290. A FOLLOW-UP REVIEW OF THE VETERANS' AFFAIRS BOARD, December 16, 1992, 23 pages

PEER conducted a follow-up of its 1991 review of the Veterans' Affairs Board and determined that the board has made significant progress in correcting deficiencies cited in the initial report.

The Veterans' Affairs Board has reviewed qualifications of its staff, and when necessary, has sought assistance from the State Personnel Board in doing so. The agency has improved its controls over funds donated to the Mississippi State Veterans' Home by individuals and veterans' organizations, and has begun accurately accounting for personal funds which the home keeps for resident veterans. The agency plans to transfer its unidentified balance of

\$29,394.54 to the State Treasury, and has responded affirmatively to six of eight critical audit findings cited in the Department of Audit's FY 1990 audit report of the Veterans' Affairs Board.

The Veterans' Affairs Board has also made progress in correcting life safety deficiencies in the Mississippi State Veterans' Home and plans to purchase a new van with a properly designed handicapped lift. The agency has also promulgated new policies with respect to the use of leave and board members' receipt of travel and per diem compensation.

291. FOLLOW-UP REVIEW OF THE 1992 INVESTIGATIVE REVIEW OF THE STATE BOARD OF PHARMACY, December 16, 1992, 35 pages

PEER conducted a follow-up of its February 3, 1992, review of the State Board of Pharmacy and determined that the board has made significant progress in correcting deficiencies cited in the initial report.

The Board of Pharmacy has established a uniform penalty policy and a functioning Investigative Review Committee to hear reports on ongoing and potential investigations, as required by Senate Bill 2335 (1992 session). The board has improved its internal custody, control, and reporting procedures for the staff's destruction of excess or unwanted controlled substances sent in by registrants. In an effort to improve the effectiveness of its compliance agents, the Board of Pharmacy has compiled a "how-to" inspection/investigative manual and provided basic firearms training.

292. 1992 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1992, June 1, 1993, 104 pages

The report details the PEER Committee's 1992 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

293. AN INVESTIGATION OF ALLEGED FRAUD BY PERSONNEL OF THE MISSISSIPPI AUTHORITY FOR EDUCATIONAL TELEVISION AND THE FOUNDATION FOR PUBLIC BROADCASTING, March 9, 1993, 22 pages

In 1989, the Mississippi Authority for Educational Television (MAET) illegally issued a \$10,000 check to a California technician.

- MAET certified a false invoice, representing it as a valid claim.
- MAET Executive Director A. J. Jaeger knew no services had been rendered at the time of payment and, along with MAET business staff, perpetrated a fraud.
- The California technician and his employer, the National Broadcasting Company (NBC), rendered no services, and after cashing the check intended to return the money.
- NBC repaid the \$10,000 by check to the Foundation for Public Broadcasting, rather than MAET or the State Treasury. MAET personnel arranged the repayment to be deposited in the Foundation as a debt to the state, but then compounded the fraud by adjusting accounting records to reclassify the repayment from a debt to a donation to the Foundation.

Such conduct is illegal and is punishable under state and federal law through felony statutes proscribing embezzlement, fraud against the state, and interstate transportation of articles obtained by fraud. The Foundation repaid the \$10,000 to the State Treasurer on March 4, 1993, because of PEER's investigation.

A. J. Jaeger's relationship with the Foundation for Public Broadcasting could be unethical, and could jeopardize the Foundation's tax-exempt status.

294. A MANAGEMENT REVIEW OF THE INSTITUTIONS OF HIGHER LEARNING: COMMISSIONER'S OFFICE, UNIVERSITY FOUNDATIONS AND ATHLETIC PROGRAMS, March 12, 1993, 238 pages

PEER strongly supports private donors and foundation board members who raise money for state university academic programs and student activities. However, the Board of Trustees of Institutions of Higher Learning (IHL) does not fulfill legislative and constitutional intent to assure that funds available to the Commissioner and donated to universities are spent efficiently and according to donor intent. The board also fails to assure efficient use of money donated to and earned by university athletic departments. Although university foundations control 77% of endowments held for the benefit of Mississippi universities (\$80 million) and received \$1.77 million in state funds in FY 1992, university officials oppose state oversight of university/foundation fiscal practices.

University officials receive additional compensation from university foundations and the Commissioner receives additional compensation from the Commissioner's Fund, both without legal authorization from the IHL board of Trustees. University administrators used public

funds (athletic department bowl receipts) to finance bowl game entertainment and gratuitous travel for officials other than coaches and students. They also used unrestricted foundation donations for gratuitous travel, entertainment, and gifts to IHL board members and the Commissioner.

Other findings:

- University foundations routinely contract with businesses in which foundation board members have economic interests.
- Athletic directors at MSU, UM, and USM divert revenues earned by state-supported activities into private corporations not subject to state control. The athletic directors from MSU and UM receive benefits from such corporations. The MSU athletic director holds an ownership interest in a for-profit company operated by state employees which he attempted to conceal from PEER.
- The IHL board of trustees violated Section 96 of the MISSISSIPPI CONSTITUTION by approving \$282,843 in bowl bonuses during fiscal years 1991 and 1992.

295. A LIMITED MANAGEMENT REVIEW OF THE DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS, April 13, 1993, 84 pages

The Executive Reorganization Act of 1989 merged the formerly independent agencies constituting the Department of Wildlife, Fisheries and Parks in order to house conservation and outdoor recreation programs and administration under one roof. Management, however, has not efficiently coordinated resources as the merger intended. DWFP has not revised its five-year strategic plan to include all areas of responsibility granted in 1989. Poor recordkeeping and inconsistent application of policies hamper timely

collection of license revenues. DWFP management has still not improved collections of half-fine money owed to the department, a problem PEER noted in 1982.

DWFP has not followed state law regarding additional training for Bureau of Marine Resources law enforcement officers. The department cannot ensure that property seized due to violations of DWFP laws is accounted for and/or stored as evidence in an appropriate holding facility until trial or forfeiture proceedings commence. DWFP's fleet information system is not adequate and fails to provide a valid basis for vehicle assignment, purchases, replacement, and maintenance.

296. PROMOTIONAL PRACTICES OF THE MISSISSIPPI DEPARTMENT OF CORRECTIONS FROM JANUARY 1, 1992, THROUGH FEBRUARY 1, 1993, RESULTED IN QUESTIONED COSTS OF \$123,990, April 13, 1993, 18 pages

The Department of Corrections uses an automatic formula which inflates salaries of all promoted employees and new hires above minimum levels set by the State Personnel Board. For the period January 1, 1992, to February 1, 1993, this practice cost \$123,990 above minimum levels. Although PEER suggests some of the costs may be justified, the State Personnel Board approved the extra expense without forcing the Department of Corrections to justify why the higher salaries were needed. (PEER suggests that the Personnel Board may be permitting the same unjustified expenses in other state agencies.)

The Department of Corrections also has not properly implemented the state's Employee Performance Appraisal System and does not apply performance appraisals when raising an employee's salary after promotion.

297. FY 1992 ACTUARIAL REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI, April 13, 1993, 22 pages

Retirement allowances provided by Mississippi's Public Employees' Retirement System (PERS) compare favorably to similar systems nationally and are above average in the Southeast. Employer contribution rates are near average.

However, Mississippi's employee contribution rates are the highest in the Southeast, and are well above the national average. Also, asset accumulation for PERS lags behind the norm for other systems. Increases in the Unfunded Accrued Liability show that PERS has grown weaker in the past five years.

The Legislature and the PERS Board of Trustees should place heightened emphasis on improving the funding status of the plan. The practice of funding benefit increases through extending the amortization period should be abandoned. The amortization period should be fixed, and future benefit increases should be matched with increased contributions.

298. STATE AND LOCAL GOVERNMENT USE OF THE FUELMAN FUEL ACCESS SYSTEM, June 16, 1993, 30 pages

PEER reviewed state and local government entities' use of Fuelman, a commercial, for-profit, automated fuel access system operated by R. R. Morrison of Vicksburg, Mississippi. Fuelman purchasers insert special cards into electronic card readers attached to gasoline pumps. The readers transmit billing information to a central computer system which also provides the purchaser with management information on fuel use by each vehicle and driver in the fleet.

According to a recent Attorney General's opinion, use of Fuelman by governmental entities without first requesting bids is legal, as no single fuel purchase exceeds \$500. PEER recommends that the Legislature require bids for fuel access systems regardless of whether each purchase is for less than \$500.

Of those agencies and local governments using Fuelman, not all make effective use of the management information, and none audit bills to insure proper charging.

299. SCHOOL DISTRICTS' FY 1992 SPENDING FOR CENTRAL OFFICE ADMINISTRATORS' AND PRINCIPALS' SALARIES AND POTENTIAL ADMINISTRATIVE SAVINGS AVAILABLE FOR REDIRECTION TO CLASSROOM INSTRUCTION, June 16, 1993, 53 pages

Mississippi school districts spent \$94 million on salaries for central office administrators and principals in FY 1992 (approximately \$110 million with fringe benefits). Spend per pupil for central office and principals' salaries varied by almost 700% from the highest-spending district to the lowest-spending district. However, districts spending more on administrative salaries did not perform better on measures of student achievement than low-spending districts with comparable students.

Without consolidating districts, Mississippi's 149 school districts could redirect more than \$8 million in administrative salaries and fringe benefits into classroom instruction by limiting administrative salary spending to \$225 per pupil for small districts and \$200 per pupil for districts with more than 3,500 students. Slightly more could be redirected statewide by combining a cap on administrative salary spending with county-wide consolidation of districts in thirteen counties.

300. AN EXPENDITURE REVIEW OF THE MISSISSIPPI AUTHORITY FOR EDUCATIONAL TELEVISION AND RELATED FOUNDATIONS, July 21, 1993, 93 pages

The Mississippi Authority for Educational Television (MAET) relied excessively on MAET executive managers to formulate and implement policy without appropriate review and control. As a result, MAET managers:

- without board oversight, determined agency mission and planning, and directed expenditures for production projects, contractual services, and capital assets;
- expended \$857,590 for questionable or uneconomical purposes, including \$347,165 in state funds and \$510,425 in Foundation funds;
- used \$42,941 in MAET funds to employ a public relations consultant who actually worked in the Governor's Office; and,
- spent MAET and Foundation funds for Mississippi EdNet Institute, Inc., without oversight of either board.

MAET's former Executive Director, A. J. Jaeger, violated state law by working on Foundation-related activities during MAET working hours. As a result, MAET should not have paid Jaeger \$3,208 in state funds for work performed on behalf of the Foundation during MAET working hours.

301. A REVIEW OF THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT'S USE OF REAL ESTATE CONSULTANTS, July 21, 1993, 49 pages

The Pearl River Valley Water Supply District has used real estate consultants since 1963. PEER found that the district:

- has become unquestionably dependent on real estate consultants, while depriving management of expertise and proper controls of leased real estate;
- procured contracts without properly assessing its needs or receiving direction from strong district goals and objectives and without using competitive procurement;
- paid unreasonable commissions (based on inaccurate lease valuations) to consultants rather than direct hourly compensation;
- spend over \$1.6 million from April 1983 to July 1992 for a single contractor's services; and,
- spent \$1,011,516 more for the consultants than authorized by the State Personnel Director and than allowed per the contract terms.

In addition, without sufficient documentation and without explicit statutory authority, the State Personnel Director disapproved H. C. Bailey Management Company's contract on June 29, 1992, and then on March 24, 1993, approved Eastover Realty Corporation's contract for similar services.

302. A REVIEW OF ISSUES RELATED TO COMPULSORY AUTOMOBILE LIABILITY INSURANCE, September 7, 1993, 18 pages

PEER addressed three issues related to compulsory automobile liability insurance:

- *Can it be determined by empirical data whether compulsory liability insurance causes insurance premiums to increase?* Little evidence exists to show that compulsory liability insurance drives rates up.

- *Does compulsory liability insurance necessitate the creation of a large enforcement bureaucracy?* Imposition of compulsory liability insurance does not require the creation of an expensive enforcement mechanism.
- *What impact does compulsory insurance have on drivers in low socioeconomic groups?* Persons who live at or near the poverty line must pay a high percentage of their incomes to acquire insurance.

The problems suggested by the three questions, therefore, do not constitute a sound basis for opposing compulsory liability insurance. Furthermore, Mississippi requires drivers to be financially responsible and to show either proof of insurance or post bond if they inflict damages on another as a result of careless driving. All drivers, regardless of income and resources, are legally responsible to make restitution to those they injure.

303. A REVIEW OF THE BUREAU OF BUILDING'S SELECTION OF ARCHITECTURAL AND ENGINEERING FIRMS, October 23, 1993, 21 pages

Since 1980, the Department of Finance and Administration's Bureau of Building, Grounds and Real Property Management has paid or contracted for over \$37 million in architectural/engineering fees does not show a definitive trend of biased or unsupported firm selections; however, because of weaknesses in the bureau's selection process and lack of strong documented uniform criteria, the potential exists for inequities in the bureau's selection of architectural/engineering firms.

PEER recommends that the bureau strengthen its documentation requirements, prescribe uniform proposal procedures for architectural/engineering firms, and formally follow up on each project with

user agencies. The report also includes proposed draft legislation requiring the Bureau of Building, Grounds and Real Property Management to review and pre-approve all state agency architectural/engineering services except for self-generated funds projects of the Board of Trustees, Institutions of Higher Learning.

304. PERFORMANCE AUDIT OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S ADMINISTRATION OF THE 1987 FOUR-LANE HIGHWAY PROGRAM, November 3, 1993, 32 pages

MDOT estimates that it needs to spend \$613 million more than originally estimated to finish the 1987 Four-Lane Program and that Program revenues will fall short by \$305 million. The Transportation Commission has proposed an extension of Program funding from August 31, 2001, to August 31, 2002.

In 1986, MDOT understated cost estimates by using statewide averages that did not factor in costs of bridges, interchanges, urban construction, and inflation. MDOT officials also did not refine original estimates, believing that changes might jeopardize approval of the Program by the 1987 Legislature.

MDOT's administration of the Program has been ineffective because of:

- failure to monitor revenues and expenditures sufficiently to recognize potential funding problems in a timely manner;
- incomplete reporting of Program activities;
- failure to let all contracts necessary to complete Phase I of the Program by June 30, 1993, as required by state law; and,

- failure to use \$424.2 million in interest earned on Program moneys to fund Program activities.

MDOT should refine its latest Program estimates and provide the Legislature with detailed projections at the beginning of the 1994 Legislative Session.

305. A PERFORMANCE AUDIT OF THE PETROLEUM PRODUCTS INSPECTION PROGRAM, December 14, 1993, 64 pages

The Mississippi Department of Agriculture and Commerce inspects fuel outlets for pump accuracy and fuel quality. DAC uses no outcome measures to gauge program achievement. The Petroleum Laboratory at Mississippi State University, which tests the quality of petroleum products, cannot process fuel samples as efficiently as it should due to outdated equipment.

The Legislature should consider centralizing control of the petroleum products inspection program under one agency, such as the Mississippi Department of Transportation (MDOT). Transferring the program to MDOT would provide special-fund, user-fee financing, put responsibility on the agency that has a vested interest in fuel tax collections, and eliminate \$681,000 in general fund costs.

306. A REVIEW OF PEARL RIVER COMMUNITY COLLEGE'S FOOD SERVICE CONTRACT WITH MORRISON'S CUSTOM MANAGEMENT, December 14, 1993, 44 pages

The Pearl River Community College (PRCC) Board of Trustees awarded its food service contract to Morrison's Custom Management in 1979 and then failed to exercise sufficient oversight. Trustees allowed college administrators to renew the contract for fourteen

consecutive years without seeking competitive bids. College administrators have not monitored the food service contract in an effective manner and have failed to:

- monitor Morrison's food purchases/inventory and vending operations;
- monitor the use of the college's cafeteria to provide catering and restaurant services to the general public; and,
- ensure recording and matching of all food service costs and revenues so that financial reports depict whether operations are self-supporting.

During the fall of 1991, the President of PRCC paid \$193.87 for a personal social event catered by Morrison's, even though charges for the event amounted to \$727.76 that the President eventually paid after PEER's investigation. While PEER has no evidence that the President used his position to receive a service below cost, he should have questioned the \$193.87 charge from a college contractor.

307. A PERFORMANCE AUDIT OF STATE-OWNED VEHICLE MANAGEMENT, December 14, 1993, 59 pages

The general public continues to complain about misuse of and a seemingly large number of state-owned vehicles. However, Mississippi has no statewide system to control its vehicle fleet, which consisted on July 21, 1993, of 4,622 passenger vehicles (1,249 automobiles; 2,784 pick-up trucks; and 589 vans/carryalls) and 2,114 non-passenger vehicles. Seventy-six agencies manage vehicles independently with no uniform standards for buying, use and control, maintenance, disposal, and inventory.

Mississippi should establish a new Motor Vehicle Management Division within the Department of Transportation (MDOT) to run a Statewide Vehicle Management System. The division could either administer the system using public employees or contract with the private sector. A Task Force for Better Vehicle Management and a State Fleet Manager would oversee a two-year transition period prior to starting the system on July 1, 1996. Agencies would pay rent into MDOT's special revolving fund for motor pool and permanently assigned vehicles.

308. A PERFORMANCE AUDIT OF THE WORKERS' COMPENSATION COMMISSION'S REGULATION OF WORKERS' COMPENSATION SELF-INSURANCE GROUPS, December 15, 1993, 21 pages

The Mississippi Workers' Compensation Commission adjudicates job injury claims and awards compensation to injured workers. Under state law, employers may join self-insurance groups to provide coverage as a more economical alternative to buying coverage from an insurance company. The commission is responsible for regulating self-insurance groups to insure that they are financially sound and comply with state laws and commission rules. However, the commission has not performed in-depth field examinations, relying instead on commission actuaries' limited reviews of documents the self-insurance groups file with the commission.

Because the Workers' Compensation Commission self-insurance duties are similar to those the Department of Insurance performs relative to insurance companies, the Legislature should consider transferring the duties to the Department of Insurance. The commission concurred in PEER's recommendation.

309. A PERFORMANCE AUDIT OF MAGNOLIA STATE ENTERPRISES AND THE PRISON INDUSTRIES PROGRAM, January 19, 1994, 70 pages [Required by the Mississippi Prison Industries Act of 1990 for the period beginning January 1, 1991, through January 1, 1993]

The Mississippi Prison Industries Act requires the Department of Corrections and Magnolia State Enterprises to work toward a successful prison industries program. Magnolia State Enterprises, nonprofit corporation, is required to operate the prison industries as a profit-making enterprise, not unreasonably competing with private enterprise, while reducing costs of state government.

The Department of Corrections and Magnolia State Enterprises are to provide positive program outcomes by using primarily inmate labor, reducing inmate idleness, providing behavioral incentives, and supplying inmate rehabilitation through useful activities for meaningful post-release employment.

The prison industries program has operated primarily with inmate labor and has reduced inmate idleness of those inmates employed; however, the program has not reached the potential intended under the law. In addition, neither DOC nor MSE currently have sufficient short-or long-term plans to assure the program's success.

The underlying reason that the prison industries program has not been effective in rehabilitating inmates is because of DOC's lack of guidance and its failure to comply with legal requirements. The primary reason for MSE's reduced operational efficiency and effectiveness is a lack of strong direction from its board of directors.

310. 1993 PEER ANNUAL REPORT AND CUMULATIVE SUMMARIES OF REPORTS ISSUED THROUGH DECEMBER 31, 1993, January 17, 1994, 81 pages

The report details the PEER Committee's 1993 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

311. A PERFORMANCE AUDIT OF THE MISSISSIPPI HOME CORPORATION, April 12, 1994, 68 pages

Mississippi Home Corporation (MHC) increased its staff from three to fifteen over four years to administer new housing programs outlined in 1989 legislation.

- In conflict with the state's general ethics laws, a board member contracted with MHC for a total of \$2,800 to run advertisements in a monthly nonprofit newsletter operated by the board member.
- Board members accounted for \$30,951, or 47%, of the \$65,351 spent by the corporation on travel during FY 1993. The board's written travel policies do not address the potential for conflict created when board members travel to conferences related to industries in which they work. The board has not adopted sufficient policies governing board travel during a period of rising travel costs, resulting in poor internal controls over travel expenditures.
- MHC has not followed comprehensive, consistent policies and procedures for obtaining and controlling consulting and other professional services which cost over \$7 million during FY 1991 to FY 1993.

312. A LIMITED REVIEW OF TAXATION BY APPOINTED SCHOOL BOARDS AND OTHER ADMINISTRATIVE BODIES, June 15, 1994, 19 pages

Mississippi law requires that elected boards of supervisors and city governing boards "shall" raise taxes sufficiently to fund schools as determined by appointed school board members, subject to certain statutory percentage caps on annual increases. A state legislator requested that PEER review the issue of non-elected boards imposing taxes, voicing concerns that this influence could constitute taxation without representation.

As one of three states which give appointed school boards the authority to bind their levying authorities to increase taxes, Mississippi is the only state with multiple appointed school boards in which voters have no direct option of converting such boards into elected boards.

If there is interest in changing school taxation systems, the Legislature has several options: remove the ability of appointed school boards to cause tax increases; provide voters a statutory means for conversion to elected boards; or, make all school boards elected.

313. A PERFORMANCE EVALUATION AND EXPENDITURE REVIEW OF THE STATE PERSONNEL BOARD, September 14, 1994, 102 pages

The State Personnel Board does not measure its regulatory effectiveness, assure the quality and consistency of test monitors and application evaluators, or verify the qualifications of applicants for state jobs.

The board does not track time spent processing job applications and issuing certificates of eligibles, both sources of state agency complaints. PEER found, however, that state

agencies account for 91% of the total time spent in the hiring process.

Although it has improved its salary survey process since PEER's 1987 review, the board still does not consistently base salary recommendations to the Legislature on relevant labor market comparisons.

The board should annually determine training needs of Mississippi government and address those needs through its training division, a program that has improved since 1987.

The Legislature should consider deleting the statutory requirement that the State Personnel Director approve personal services contracts (i.e., consultants and independent contractors) and instead direct agencies to keep records of needs assessments, bids, and proof of contract monitoring for annual audit by the State Auditor.

The Legislature should require the board to calculate its direct and indirect costs as a basis for charging agencies for personnel services.

314. A REVIEW OF SECURITY DEFICIENCIES WHICH ALLOWED INMATE ESCAPES FROM MISSISSIPPI STATE PENITENTIARY AT PARCHMAN ON MARCH 28, 1994, July 6, 1994, 15 pages

On March 28, 1994, two inmates escaped from Parchman Penitentiary's Unit 30 due to Department of Corrections (DOC) personnel's lack of adherence to department security policies and post orders, as follows.

- Unit 30 correctional officers did not conduct inmate body counts and unit security checks during the first shift.
- The correctional officer assigned to Unit 30's south tower did not conduct perimeter security checks

properly and was asleep during the first shift.

- The correctional officer assigned to Unit 30's Control Center did not report to the Unit 30 lieutenant that the south tower correctional officer had not made telephone reports regarding the unit's security during the first shift.

Although DOC's management has taken personnel actions against department employees who allowed the escape, the department should monitor performance of its security staff more closely. In addition, DOC's management should conduct security reviews of the department's facilities to identify physical and procedures impediments to adequate security.

315. A DETERMINATION OF THE STATE COST PER INMATE DAY FOR A SPECIAL NEEDS CORRECTIONAL FACILITY, October 12, 1994, 13 pages

In accordance with Senate Bill 2005 (1994 First Extraordinary Session), the PEER Committee prepared this estimate of the state cost per inmate day for a proposed special needs correctional facility. For a 500-bed special needs facility, PEER estimates the annual cost per inmate day for a state-operated facility to be \$51.96. In accordance with Senate Bill 2621 (1994 Regular Session), private sector entities interested in leasing a special needs facility to the state would have to do so at an annual cost not exceeding \$46.76 per inmate day, or ten percent below the PEER estimate.

PEER's estimate of state cost per inmate day is based on the most accurate data and information available from the Mississippi Department of Corrections (MDOC) at the time of estimation. However, should MDOC management significantly alter the assumptions upon which MDOC staff and the Corrections Auditor based their design, construction, and operational

concept for the special needs facility as presented in this report, PEER's state cost per inmate day amount would change accordingly.

316. THE MISSISSIPPI SCHOOL ATTENDANCE OFFICERS PROGRAM: A JOINT STUDY BY THE PEER COMMITTEE AND THE JOHN C. STENNIS INSTITUTE OF GOVERNMENT, November 30, 1994, 59 pages [Required by Senate Bill 3019, 1994 Regular Session]

The Mississippi Education Reform Act of 1982 created the school attendance officer program under supervision of the youth courts. In February 1994, the Mississippi Supreme Court ruled this a violation of the separation of powers provision of the Mississippi Constitution. The Legislature requested the PEER Committee and the John C. Stennis Institute of Government at Mississippi State University to recommend an organizational location for the program.

Responsibility for compulsory attendance enforcement should rest with the State Board of Education, with administration by local school districts. The state board should establish standards for enrollment and attendance outcomes, credentials of any enforcement personnel utilized, and should monitor school district success. School districts should assess need; integrate current school attendance officer statutory duties and responsibilities with existing efforts and resources; and link attendance service needs with the courts, law enforcement, and community service providers. The Legislature should appropriate the money now dedicated to the school attendance officer program to the school districts through the minimum foundation supportive services formula.

317. A PERFORMANCE AUDIT OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S APPRAISAL AND ACQUISITION OF REAL PROPERTY FOR RIGHT-OF-WAY, November 30, 1994, 42 pages

Because the Mississippi Department of Transportation (MDOT) does not consistently adhere to nationally recognized procedures, landowner concerns about inconsistent or inequitable payments are valid and will persist unless MDOT takes corrective action. Supervisory appraisers often lack sufficient file information to determine whether field appraisers are consistent and equitable with their offers. MDOT also grants "administrative settlements" without sufficient documentation and, in some instances, without apparent justification (e.g., as a reward to the landowner for prompt acceptance of MDOT's offer). The *Citizen's Right of Way Acquisition Guide* does not fully inform property owners as to the department's appraisal and acquisition procedures.

Because MDOT and the Office of Attorney General do not monitor eminent domain cases effectively, the department entered into seven construction contracts from June 1992 to June 1993 without first obtaining immediate title and possession of all parcels involved.

318. A PERFORMANCE AUDIT OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S PRIVATIZATION OF THE BUSINESS LOGO SIGN PROGRAM, December 1, 1994, 30 pages

The Mississippi Department of Transportation (MDOT) chose to privatize the business logo sign program without sufficient management and financial analysis to determine whether the proposal eventually accepted was in the best interest of the state or sign customers. The department also did not follow the

advice of legal counsel in establishing the contract with Mississippi Logos, Inc. (MLI).

In issuing requests for proposals, MDOT did not require potential bidders to compete on cost, evaluating only qualitative factors. Thus sign customers will expend approximately \$177 per mainline sign per year more than necessary (\$2.4 million over ten years) than if MDOT had operated a break-even, self-supporting program at the contractor's September 1994 level of sales.

Whereas Kentucky, which has a privatized logo sign program comparable to Mississippi's, will receive at least \$4,900,000 in state revenues over ten years, Mississippi will receive a fixed sum of \$1,500,000. Should MDOT terminate its contract with MLI without cause prior to expiration, the state would have to pay nearly \$2,000,000 because of an unfavorable buyout clause.

319. AN EVALUATION OF MISSISSIPPI'S ASSISTANT READING INSTRUCTOR PROGRAM, December 13, 1994, 110 pages

A cornerstone of the 1982 Education Reform Act, the Assistant Reading Instructor Program sought to improve basic skills acquisition by placing assistant reading instructors in primary grades. The program has not been effective in meeting its objectives.

- On standardized tests, students who had assistant reading instructors in their primary years scored about the same as students without assistants.
- Retention rates in the primary grades remained about the same.
- Dropout rates remained constant in lower grades and increased in higher grades.

Contrary to state law, the State Department of Education has not enforced preconditions to program funding and has not developed a statewide uniform training program. The districts and the department failed to develop implementation and accountability plans and failed to perform annual program evaluations. In violation of program intent, some districts routinely use assistants as substitute teachers.

From 1983 until the close of the 1993-94 school year, the state spent \$340.11 million on this program. Local districts spent approximately \$18.75 million over the past five years. The FY 1995 state general fund appropriation is \$49.35 million for 4,785 assistant reading instructors.

320. REVIEW OF THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT'S RECENT TIMBER SALE IN NORTHERN RANKIN COUNTY AND FOLLOW-UP REVIEW OF THE DISTRICT'S USE OF REAL ESTATE CONSULTANTS, December 14, 1994, 32 pages

In July 1994, the district cut timber on 147 acres of land in northern Rankin County (including eighty-seven acres clearcut) which generated net revenues of \$349,639 for public recreation improvements. The district complied with state and federal laws, except for the seed tree retention law that the Forestry Commission considers outdated and does not enforce. Deficiencies in the district's timber cutting policies prevent it from fully achieving forest management objectives (e.g., wildlife enhancement and outdoor recreation) other than the generation of timber revenues. The district has not solicited sufficient public comment prior to execution of each of its clearcut projects.

With respect to consultants, the district has implemented some of PEER's 1993 report recommendations and ignored others. While the district

eliminated retainers and modified its method of calculating sales commissions, it should still work to reduce its reliance on outside real estate consultants and, prior to entering into any consulting contract, should perform a needs assessment and request competitive bids.

321. A PERFORMANCE EVALUATION OF THE MISSISSIPPI COMPREHENSIVE HEALTH INSURANCE RISK POOL ASSOCIATION, January 9, 1995, 35 pages

The 1991 Legislature created the Mississippi Comprehensive Health Insurance Risk Pool Association with a December 31, 1995, repealer. The pool is a not-for-profit corporation that provides health insurance for persons who are otherwise medically uninsurable.

- Because of state and federal legal exclusions, less than half of the insured persons in Mississippi pay assessments to finance the pool.
- The pool has only reached about one-third of those eligible and able to afford the service.
- The Mississippi pool has been more expensive to operate than those in other states, but administration as a percentage of total expenditures is declining. The pool may owe approximately \$4 million in income taxes if it does not obtain IRC 501(c) status.

322. A PERFORMANCE AUDIT OF THE ESTABLISHMENT OF THE MISSISSIPPI DEPARTMENT OF MARINE RESOURCES, January 9, 1995, 22 pages

Senate Bill 3079 (1994 Session) created the new Department of Marine Resources and abolished the Bureau of Marine Resources, formerly a division of the Department of Wildlife, Fisheries, and Parks (DWFP). The legislation

retained marine law enforcement with DWFP.

The two departments did not carry out the transition planning process from bureau to new department in full compliance with MISS. CODE ANN. Sections 5-11-1, et seq. (1972). However, the Department of Marine Resources organized and obtained enough staff to accomplish the provisions of SB 3079. Because the department has been in existence for only six months, DWFP and the Department of Marine Resources have not compiled sufficient data with which to determine the impact of DWFP's implementation of the marine law enforcement function.

323. AN INVESTIGATION OF THE ADMINISTRATION OF THE STATE AND PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE PLANS, January 23, 1995, 78 pages

The State Department of Finance and Administration (DFA) contracted with CENTRA Benefit Services to administer the state and public school employees' health insurance plans effective July 1, 1994. Since then, the nature of complaints from Plan participants and health care providers regarding claims processing and reimbursements raised questions about DFA's and CENTRA's ability to administer the plans.

DFA, CENTRA, and Blue Cross (the former administrator) share responsibility for the problems that have plagued administration.

- The Department of Finance and Administration, which controls the Plan, did not properly plan and coordinate the transition. Its reactive posture allowed avoidable situations to escalate.
- CENTRA, as DFA's new third-party administrator, apparently underestimated the magnitude and

complexities of transition and implementation.

- Blue Cross, as former third-party administrator, made indemnification and internal repricing demands that aggravated problems beyond those expected during a transition.

PEER proposes creation of a legislative oversight committee to effect resolution of the claims processing delays within thirty days, and legislation to improve future selection and transition of third-party administrators.

324. 1994 PEER ANNUAL REPORT, March 1, 1995, 92 pages

The report details the PEER Committee's 1994 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

325. COMPARISON OF STATE CONTRACT PRICES WITH RETAIL PRICES FOR COMMODITY ITEMS, June 13, 1995, 23 pages

In response to reports from public employees that Mississippi government pays too much for supplies bought through state competitively bid contracts, PEER shopped to see if public officials could buy selected items more economically from discount and specialty stores "off the shelf," as had been suggested.

PEER staff shoppers, however, found that the Department of Finance and Administration's state contract prices were lower for 93% of the pricing comparisons.

Because of the volatile and competitive nature of retail pricing, it is possible that public officials could obtain retail prices lower than state contract prices. However, based on

PEER's pricing comparisons, it is unlikely that the state could achieve significant or consistent savings without the contract system in some form.

326. REDUCING COSTS OF EMPLOYMENT-RELATED CLASSIFIED ADVERTISING BY STATE AGENCIES AND INSTITUTIONS, July 11, 1995, 25 pages

During a twenty-month period, state agencies, school districts, and institutions of higher learning spent \$21,730 on classified employment advertisements in one newspaper. PEER applied cost reduction guidelines to this set of ads. \$14,049, or 65%, could have been saved.

Wasteful practices included failing to obtain lower rates available to non-profit organizations, wordiness, repetition, lack of abbreviation, excess white space, stating the obvious (e.g., using captions such as Job Advertisement or Applications Sought), and using more expensive display ads with artwork when not justified by job market conditions.

327. A REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF HEALTH'S ENFORCEMENT OF THE INFORMED CONSENT LAWS, September 12, 1995, 27 pages

State law does not give any state agency explicit authority for enforcing informed consent laws relative to abortion. After the Legislature passed informed consent laws in 1991, the State Department of Health appropriately assumed enforcement responsibility as an extension of the department's authority to license abortion clinics.

The department lacks internal written procedures to guide facilities in compliance requirements and to aid its own personnel performing informed consent inspections.

Although in 1991 the department satisfied its statutory responsibility to produce written materials on informed consent, the department did not update counseling and referral agency addresses and telephone numbers within these materials until 1995.

328. A REVIEW OF THE MISSISSIPPI MILITARY DEPARTMENT'S ARMORY AND MILITARY UNIT FUNDS, September 12, 1995, 27 pages

During fiscal years 1991 through 1995, the Military Department violated state budget and accounting laws by spending at least \$18,058 on rifle team travel and office equipment and decorations. The Legislature appropriated the money for contractual services (utilities, rent, etc.), not for travel, equipment, or decorations.

The Department of Finance and Administration exempted armory funds from normal pre-audit procedures that apply to state agencies and did not approve armory checking accounts as required by state law.

329. A REVIEW OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S PROCESS FOR PROCURING PERSONAL SERVICES CONTRACTS, September 12, 1995, 43 pages

The Department of Finance and Administration (DFA) contracts out some accounting and computer services, as well as third-party administrator and actuarial services for the state health insurance plans. From FY 1992 through FY 1994, DFA did not use a competitive selection process for fifty-seven percent of its contractual services contracts over \$5,000. Further, DFA violated state law by not submitting third-party administrator contracts to the State Personnel Director for review and approval.

DFA also uses personal services contractors to help provide administrative support to the State Agencies' Workers' Compensation Pool and the Tort Claims Board. In selecting a third party-administrator for the Workers' Compensation Pool, DFA did not execute a written contract with the third-party administrator selected until six months after selection of the contractor.

As to Tort Claims Board contracts, the board and DFA failed to use a formal request for proposals when soliciting third-party administrators in 1993, confusing at least one bidder on how to respond. Also, a consultant hired by DFA made an error in analyzing third-party administrators' proposals. Although PEER found no evidence that any consultant erred purposely in order to influence the outcome of the selection process, the error caused delays and compromised the integrity of the selection process.

330. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES' ADMINISTRATION OF PROJECT LEAP, A JOBS EDUCATIONAL COMPONENT, November 16, 1995, 47 pages

The Mississippi Department of Human Services administers Project LEAP (Learn, Earn, and Prosper), a satellite teaching program, as its primary statewide educational component of the federal JOBS program for selected AFDC recipients.

The Department of Human Services has not complied with federal regulations requiring coordination of LEAP with other basic education programs. The department has underutilized the LEAP program, as demonstrated by the low class attendance rate during the most recent period for which data was available (February 1995 through April 1995). Also, the department did not accurately estimate costs of LEAP services, violated federal regulations regarding timing and

nature of LEAP/JOBs expenditures, and over-obligated JOBs funds.

The former Executive Director entered into a contractual relationship with a LEAP contractor immediately following his resignation from the department, an action which could create the appearance of impropriety.

331. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 1995 COST PER INMATE DAY, November 17, 1995, 10 pages

Mississippi law requires that state contracts for private prisons save a minimum of ten percent on "at least the same level and quality of service offered by the Department of Corrections." The law also requires that PEER contract annually with a certified public accounting firm to determine a state cost per inmate day for correctional facilities. This certified cost per inmate day serves as the basis for measuring the required ten percent savings.

For fiscal year 1995, the Department of Corrections' general cost per inmate day (for all security levels combined) was \$39.20, including debt service for a facility. FY 1995 costs per inmate day for individual security classifications were:

- Minimum security—\$34.54
- Medium security—\$34.98
- Maximum security—\$50.64

332. A REVIEW OF THE STATE PERSONNEL BOARD'S REALIGNMENT COMPONENT OF THE VARIABLE COMPENSATION PLAN, December 12, 1995, 36 pages

The State Personnel Board (SPB) does not use a valid survey process to determine prevailing compensation

among employers who compete for personnel. Flaws in the survey process reduce the confidence that legislators can place in SPB's realignment recommendations.

In response to a legislative request, PEER found that in general the average salary for lower-paid occupations in state government is slightly higher than the average paid for the same occupations by employers in all other industries. However, in certain occupations, average state salaries are substantially higher or lower than average salaries paid by employers in all other industries.

The report recommends legislation to set minimum standards for maintenance of the Variable Compensation Plan and require SPB to prepare a strategic evaluation of the plan by February 1, 1997.

333. REVIEW OF THE MISSISSIPPI COMMUNITY COLLEGE FOUNDATION, December 21, 1995, 139 pages

After the Legislature created the State Board for Community and Junior Colleges in 1986, the presidents of the colleges created the Mississippi Community College Foundation. The foundation operates as an independent, private organization that received eighty-seven percent of its funding from public sources from July 1, 1991, through April 30, 1995.

The foundation or its employees may have violated laws and grant restrictions. The foundation has not followed good management and accounting principles and could subject public community and junior colleges to liabilities.

Because individual colleges have foundations and the State Board for Community and Junior Colleges has similar fund-raising authority, PEER recommends that participating local community and junior college boards

review the advisability of continued participation in the Mississippi Community College Foundation. If local boards want to sustain the foundation, the report recommends specific actions to improve its management and accountability.

334. A REVIEW OF THE FINANCIAL VIABILITY OF THE MANTACHIE NATURAL GAS DISTRICT AND THE STATE'S RELATIONSHIP TO THE DISTRICT, February 22, 1996, 22 pages

Although the Mantachie Natural Gas District may realize its first net income in FY 1996 and modest growth thereafter, the district's inability to generate revenues sufficient to make scheduled principal payments, pay day-to-day operating expenses, and pay off its high cumulative debt raises serious doubt regarding its ability to operate as a going concern. As of September 30, 1995, the district's total debt, including past due and future obligations, is \$3,025,000.

PEER examined the district's enabling legislation, other statutory sources, general principles of bond law, and relevant case law, and determined that the State of Mississippi cannot be held liable for the default of the district on its bond obligations.

335. FY 1994 ACTUARIAL REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI, April 24, 1996, 36 pages

PEER's contract actuary found that the unfunded actuarial accrued liability for the Public Employees' Retirement System (PERS) is unreasonably high, that certain assumptions adopted by the PERS Board may overstate the anticipated rate of inflation, and that the board should adopt an objective standard for reducing the liability.

The actuary also found that the provision which allows unreduced

benefits for persons retiring with twenty-five years of service weakens the system, and recommends that the PERS Board study ways to delete the "twenty-five and out" benefit from the plan with the least disruption to members.

336. DEPARTMENT OF FINANCE AND ADMINISTRATION'S USE OF CONTRACTORS FOR THE STATE AND PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE PLANS, April 24, 1996, 11 pages

State law requires the PEER Committee to report annually to the Legislature regarding all contractors used by the Department of Finance and Administration (DFA) for the State and Public School Employees' Health Insurance Plans. During fiscal years 1995 and 1996, DFA adhered to accepted public contracting principles in obtaining its administrative (i.e., health consulting, actuary, or claims auditing), utilization review, and database information contracts. Each contractor performed work during fiscal years 1995 and 1996 in compliance with contractual responsibilities.

337. A REVIEW OF PRIVATE VEHICLE MILEAGE REIMBURSEMENT EXPENSES, April 24, 1996, 48 pages

In Fiscal Year 1995, the state reimbursed employees and officers \$12.3 million for traveling in privately owned vehicles to conduct state business. The \$2.9 million (31 percent) increase in mileage reimbursement expenses over the previous fiscal year was chiefly attributable to two statutorily mandated mileage reimbursement rate increases during FY 1995. The number of actual miles reimbursed monthly has remained relatively stable over a ten-year period.

"High-mileage" drivers, representing four percent of all reimbursed drivers, accounted for approximately one-fourth of the total

miles traveled in FY 1995. These drivers were primarily involved in providing client services, conducting audits, or conducting inspections, and agencies reported having uniform administrative controls in place to govern these drivers.

338. A REVIEW OF INSTITUTIONS OF HIGHER LEARNING'S STUDENT FINANCIAL AID ADMINISTRATIVE EXPENDITURES AND THE POST-SECONDARY BOARD'S ENFORCEMENT OF RESIDENCE REQUIREMENTS FOR GRANTS, May 14, 1996, 39 pages

IHL's administrative expenditures for Student Financial Aid increased 138% from FY 1993 to FY 1995, primarily due to the following:

- IHL privatized a loan guarantee program and redirected the flow of special funds revenue to the private company that assumed the workload. Instead of eliminating the special-fund positions associated with the privatized program, IHL retained the staff members and used general funds to pay their salaries, doubling salary expenditures without formally studying staffing needs.
- IHL spent \$157,011 in contractual funds for a computerized loan management system which IHL managers later decided not to use.

Regarding enforcement of residence requirements for the Mississippi Resident Tuition Assistance Grant and Mississippi Eminent Scholars Program, IHL administrators have not assured consistent compliance with four-year residence requirements established by the Legislature. Although PEER found no evidence of any widespread attempt by grant recipients to circumvent the residence requirements, administrators have awarded grants without proof that students were actually four-year residents of Mississippi.

339. A REVIEW OF THE MERIDIAN/LAUDERDALE COUNTY PARTNERSHIP, June 11, 1996, 29 pages

In 1991, the Legislature established the Meridian/Lauderdale County Partnership, a not-for-profit corporation, as the single authority responsible for economic development and tourism for Lauderdale County and its municipalities. Until 1995, the Partnership had no comprehensive strategy for industrial recruitment or existing industry support, primary tasks assigned to the Partnership by law. The Partnership also has no formal accountability system with which to measure its performance and gauge its effectiveness in accomplishing statutory mandates.

Inadequate supervision by the Partnership's board in its early years allowed misappropriation of funds, damaging the Partnership's credibility as a fiscally responsible entity. The Partnership has since implemented fiscal controls designed to prevent such misappropriation. Although the Partnership's practices of providing extra compensation to employees and giving vendor preference to Partnership members when expending private funds do not violate law, they may not ensure the most efficient use of financial resources.

The Partnership's enabling legislation will repeal effective October 1, 1996. Because other local, state, and private entities in the area can promote economic development, the Legislature's decision not to extend the Partnership or remove its repealer should not cause Meridian or Lauderdale County irreparable loss.

340. A REVIEW OF THE MISSISSIPPI FIREFIGHTERS' MEMORIAL BURN CENTER AND THE MISSISSIPPI FIREFIGHTERS' MEMORIAL BURN ASSOCIATION, June 11, 1996, 31 pages

The Mississippi Firefighters' Memorial Burn Center is an operational unit of the Delta Regional Medical Center in Greenville, Mississippi. The Mississippi Firefighters' Memorial Burn Association is a private, nonprofit organization which solicits public and private funds to help offset the Burn Center's expenditures.

Senate Bill 3032, 1996 Session, prohibited expenditures from the Burn Center's FY 1997 special fund appropriation until PEER could report on its investigation of alleged misuse of funds. PEER documented managerial and administrative inefficiencies on the part of the Burn Association rather than misappropriation or misuse of public or private funds, and recommends that the Budget Committee approve the disbursement of funds appropriated.

From FY 1993 through FY 1995, the Burn Association remitted one hundred percent of public funds collected to the Burn Center. Of the private funds collected, the Burn Association retained approximately eighty-four percent to pay its administrative and fundraising expenses. Thus the majority of private donations goes toward supporting the activities of the Burn Association rather than directly benefiting the Burn Center.

341. A REVIEW OF STATE AGENCY COMPLIANCE WITH SECTION 30, CHAPTER 419, LAWS OF 1992, REGARDING STATE GOVERNMENT REDUCTION-IN-FORCE MANDATE, June 11, 1996, 23 pages

Three years after passage of Section 30, Chapter 419, *Laws of 1992*, which required a ten percent reduction in state agency positions within five years, thirty-three of the fifty-seven state agencies subject to this law had

experienced no growth or a decline in the number of positions and twenty-four agencies had experienced increases. Overall, the number of positions in agencies subject to this law experienced a net increase of seven percent. After excluding increases of positions within the Legislature's priority growth areas—mental health, crime control, and gaming control—the number of state employees has declined by three percent since FY 1993, the effective date of Section 30, Chapter 419, *Laws of 1992*.

342. CASH MANAGEMENT REVIEW OF THE CENTRAL OFFICE OF THE BOARD OF TRUSTEES OF INSTITUTIONS OF HIGHER LEARNING, July 10, 1996, 52 pages

The IHL central office has engaged in cash management and reporting practices which reduce accountability to the Legislature for the expenditure of state funds. In FY 1995, the central office:

- drew \$717,016 from the Treasury which it did not spend during the year of appropriation and did not return at the end of the year, in violation of Section 64 of the MISSISSIPPI CONSTITUTION;
- billed the universities \$198,453 for expenditures which were the responsibility of the board, resulting in an understatement of system administration costs;
- commingled Treasury and special source funds, which hindered the Legislature's ability to determine that funds had been spent as intended under state law; and,
- did not report \$20,219,108 in special fund revenues or \$687,684 in special fund expenditures to the Legislature.

During 1996, IHL has taken corrective action by returning funds to

the state Treasury and revising procedures that, along with PEER recommendations, should improve the oversight of state funds handled by the central office.

343. 1995 PEER ANNUAL REPORT, 93 pages

The report details the PEER's Committee's 1995 accomplishments, contains an overview of PEER operations, and summarizes each PEER report released since the Committee's creation in 1973.

344. A REVIEW OF THE ADEQUACY OF THE MISSISSIPPI GAMING COMMISSION'S REGULATION OF LEGALIZED GAMBLING IN MISSISSIPPI, September 11, 1996, 113 pages

In its efforts to assist in development of the state's dockside gambling industry, the Mississippi Gaming Commission (MGC) began licensing gaming establishments before its regulatory infrastructure was fully in place. While the industry has grown dramatically since legalization in 1990, the Gaming Control Act authorized MGC to regulate the industry, not to promote economic development. Although the commission has recently added staff and procedures to fill many of its regulatory gaps, the consequences of its failure to conduct more thorough audits and investigations heretofore may not be fully known until its own audit staff has the opportunity to complete its first audit cycle of Mississippi's casinos.

With respect to regulation of charitable bingo, MGC does not have an adequate system in place to determine industry compliance with the law. Also, the law itself provides no assurance that legitimate charities receive any of the proceeds from operation of a licensed bingo establishment.

345. AN EXPENDITURE REVIEW OF THE MISSISSIPPI MILITARY DEPARTMENT'S TIMBER FUND, September 11, 1996, 16 pages

State law authorizes the Military Department to cut and sell timber from the Camp Shelby Military Reservation to the highest bidder. All proceeds from these timber sales are to be deposited into a revolving fund in the State Treasury. The law requires the Military Department to expend timbercutting proceeds on "the maintenance, development, and improvement of the Camp Shelby Military Reservation."

From FY 1991 through FY 1995, the Military Department expended approximately \$103,000 from the Timber Fund to purchase items such as videocassette recorders, barbecue grills, and golf caps. Such expenditures do not contribute to maintenance or constitute a permanent change that increases the value of Camp Shelby, and thus are inappropriate uses of the Timber Fund.

346. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 1996 COST PER INMATE DAY, November 12, 1996, 10 pages

Mississippi law requires that state contracts for private prisons save a minimum of ten percent on "at least the same level and quality of service offered by the Department of Corrections." The law also requires that PEER contract annually with a certified public accounting firm to determine a state cost per inmate day for correctional facilities. This certified cost per inmate day serves as the basis for measuring the required ten percent savings.

For Fiscal Year 1996, the Department of Corrections' general cost per inmate day (for all security levels combined) was \$38.08, including debt service for a facility. FY 1996 costs per inmate day for individual security classifications were:

- Minimum security—\$37.48
- Medium security—\$41.40
- Maximum security—\$50.57

347. FY 1996 FINANCIAL AND COMPLIANCE AUDIT OF THE OFFICE OF THE STATE AUDITOR, November 12, 1996, 22 pages

State law requires an audit of the Office of the State Auditor every four years. PEER contracted with a certified public accounting firm to conduct a financial and compliance audit of the office for FY 1996. The contract auditor issued an unqualified audit opinion regarding the financial statements of the Office of the State Auditor, and noted several audit findings regarding internal controls and operations.

348. AN ACCOUNTABILITY ASSESSMENT OF THE MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES, November 12, 1996, 41 pages

MDRS has not properly implemented a management information system which allows for valid and reliable collection of data on clients served, duration of services, clients rehabilitated, and cost per client served. As a result, MDRS cannot accurately monitor its performance nor use existing data to demonstrate the adequacy of its performance to the Legislature. At present, any conclusions on MDRS's program effectiveness would be based on purely anecdotal information and should not be relied on as a basis for policymaking.

Regarding MDRS's utilization of state resources, PEER found that:

- Although MDRS has complied with the U. S. Department of Education's

Inspector General's recommendation to develop internal control policies, MDRS has not implemented procedures to enact these policies.

- The Department of Finance and Administration has allowed MDRS's Executive Director to receive travel reimbursements for departmental business without submitting proper documentation.
- When consolidating Jackson-based operations into its Madison County office, MDRS paid approximately \$101,140 for modular furniture that did not meet bid specifications.

349. FEDERAL MANDATES AND MISSISSIPPI'S STATE GOVERNMENT: COST AND IMPLEMENTATION, November 12, 1996, 64 pages

State agencies estimate that they spent approximately \$90 million in FY 1996 (\$28 million in state treasury funds) to implement the eighteen federal mandates that agencies considered most burdensome to state government. Agencies also reported administrative problems in implementing some federal mandates. Despite costs and administrative problems, many agencies reported that they had no objection to the national goals the mandates were designed to achieve.

Regarding Tenth Amendment issues related to federal mandates, few current federal mandates are likely to be overturned by the U. S. Supreme Court. In light of this, the political arena, not the courts, may serve as the preferred venue for those seeking additional mandate reform.

350. THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S USE OF CONTRACTORS DURING FISCAL YEARS 1996 AND 1997 FOR THE STATE AND PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE PLANS, December 10, 1996, 23 pages

State law requires the PEER Committee to report annually to the Legislature regarding contractors used by DFA to administer the state employees' and teachers' health insurance plans. DFA adhered to state law and good contracting principles by developing and advertising requests for proposals, rating the proposals based on a formal rating system, and selecting contractors which submitted the highest-rated proposals. The department could improve its evaluation and procurement process in two ways: by analyzing the cost efficiency of hiring internally before contracting for services and by eliminating evaluation criteria which could inappropriately favor incumbent contractors.

The department expended \$3,081,997 in FY 1996 and \$551,383 in the first two months of FY 1997 on five administrative contracts under review. These contractors delivered work products according to financial and other contractual requirements. However, major provisions of DFA's claims audit contract duplicate some of the objectives of the FY 1996 statutorily required compliance and performance audit of the health plan's third-party administrator.

351. A FOLLOW-UP REVIEW OF THE MISSISSIPPI HOME CORPORATION, December 30, 1996, 61 pages

While the Mississippi Home Corporation (MHC) has improved some aspects of its operations since PEER's 1994 performance audit of the corporation, areas which remain unaddressed include:

- *board members' potential for conflicts of interest*—MHC does not inform board members in writing as to provisions of the state conflict of interest laws. Also, MHC's conflict of interest statute conflicts with Section 109 of the MISSISSIPPI CONSTITUTION and should be repealed.
- *personal services contracts*—MHC has not adopted comprehensive policies and procedures governing personal services contracting.
- *fiscal and operational controls*—Because most of the state's control agencies do not include MHC in their oversight due to lack of clear statutory authority, the Legislature should specifically require MHC to comply with fiscal and operational controls (e.g., personnel, budgeting, purchasing).

MHC receives no state appropriations for its operations, but a total of \$1.5 million in state general funds supported MHC-administered programs during fiscal years 1994 through 1996.

352. COMPLIANCE AND PERFORMANCE AUDIT OF THE THIRD-PARTY ADMINISTRATOR OF THE STATE AND PUBLIC EMPLOYEES' HEALTH INSURANCE PLANS (JANUARY 1, 1996, THROUGH JUNE 30, 1996), December 11, 1996, 68 pages

State law directs the PEER Committee to contract with an accounting firm or other professionals to conduct a compliance and performance audit of the Department of Finance and Administration's third-party administrator, currently CENTRA Benefit Services. PEER entered into a contract with The Segal Company, a national employee benefit consulting and actuarial firm, to audit CENTRA's processing of claims for the period January 1 through June 30, 1996.

The Department of Finance and Administration's Administrative Services Agreement with CENTRA Benefits Services requires that the third-party administrator comply with performance criteria for claims turnaround, financial accuracy, and payment accuracy. PEER's contract audit determined that CENTRA completely or marginally complied with the claims turnaround and payment accuracy criteria, while failing to comply with the financial accuracy criterion.

353. REVIEW OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY'S USE OF NEW POSITIONS AND DETERMINATION OF STAFFING NEEDS, December 30, 1996, 65 pages

In 1996, the Legislature authorized and funded twenty-nine new staff positions in the Department of Environmental Quality's (DEQ's) Surface Water Program for FY 1997 and increased DEQ's appropriation by \$2.7 million in general and special funds. The Legislature intended DEQ to use \$700,000 of the \$2.7 million increase to restore its cash reserve and the remaining \$2.0 million to support twenty-nine new positions in the Surface Water Program. DEQ will expend approximately \$1.5 million annually in support of the new positions and plans to expend the remaining \$500,000 in support of the Surface Water Program.

The Legislature should require DEQ to report on how the agency will use the portion of the funding increase that is not needed specifically for direct support of the newly authorized positions in FY 1998 and thereafter to reduce water program backlogs or address backlogs in other regulatory programs. For the FY 1999 budget cycle, the Legislative Budget Committee should specifically require all agencies requesting staff increases to provide detailed information on the anticipated cost and use of proposed positions.

DEQ bases its needs assessment for new positions on estimates of staff members' time spent in major work activities rather than collecting and using actual work activities data. DEQ's Water and Air programs should develop an automated time keeping system to track staff time by major program activity. Such a system could provide objective information with which to monitor staff members' efficiency and determine future staffing requirements accurately.

354. A REVIEW OF THE MISSISSIPPI DIVISION OF MEDICAID'S CLAIMS PROCESSING EFFECTIVENESS, January 6, 1997, 36 pages

PEER received complaints from health care providers regarding the Division of Medicaid's alleged untimely and inaccurate processing of claims submitted by health care providers. Three issues were especially significant as the source of provider complaints:

- failure to cross claims over from the Medicare program to the Medicaid program for payment to providers;
- the Division of Medicaid's recouping of claims payments for previously paid claims; and,
- delays in claims payments and adjustments.

EDS, the Division of Medicaid's fiscal agent, has experienced difficulties in processing Medicare "cross-over" claims. Factors contributing to the problem are complex and are the shared responsibility of the federal government, Medicare contractors, providers, and the Division of Medicaid, as well as EDS. Even though the Division of Medicaid and EDS were not solely responsible for most of the problems with crossover claims, these two entities can and should implement corrective actions.

Although the problems stated above contributed to the problem, the Division of Medicaid has acted as required in recovering claims incorrectly paid to providers since 1994. The Medicare cross-over claims in question violated payment time limits established by federal and state law, thus requiring repayment.

Finally, although EDS failed to comply strictly with claims processing performance standards, its performance was only marginally below one standard and met the other standard.

355. A REVIEW OF THE IMPLEMENTATION OF THE VENTURE CAPITAL ACT OF 1994 AND THE OPERATIONS OF THE MAGNOLIA VENTURE CAPITAL CORPORATION, March 11, 1997, 60 pages

The Legislature passed the Venture Capital Act of 1994 to help develop business climates and improve general economic conditions within the state. Over the venture capital program's two and one-half year history, private and public entities charged with program oversight [Magnolia Venture Capital Corporation (MVCC), Magnolia Capital Corporation (MCC) and the Mississippi Department of Economic and Community Development (DECD)] have not effectively fulfilled their responsibility.

MCC and MVCC have incurred \$4,515,777 in overhead expenditures (one-third of the \$13,791,906 in program funds turned over to MCC and MVCC), which has led to \$2,324,124 in program losses. Including the \$3,672,964 in bond interest the state has paid to date from general funds, the state's actual losses through February 1, 1997, total \$5,997,088. Based on losses incurred to date and future interest costs of the bonds, PEER estimates total costs of the venture capital program to approximate \$26,305,144 from June 1994 through August 2009. MVCC's former Chairman and CEO conducted

corporate operations and program activities in a manner which resulted in loss of substantial venture capital financial resources, receiving approximately \$1,980,938 in direct and indirect personal benefits.

Even though the statutory intent of the program was to provide funding for venture capital investments in Mississippi businesses, MVCC has engaged in only one venture capital investment and the program currently does not meet the statutory minimum private capital investment threshold.

356. AN EVALUATION OF THE DEPARTMENT OF HUMAN SERVICES, CHILD SUPPORT ENFORCEMENT DIVISION'S ACCOUNTABILITY INFORMATION SYSTEMS, April 15, 1997, 32 pages

An adequate accountability information system helps managers improve a program's efficiency and effectiveness and helps policymakers identify shortcomings that should be corrected through policy changes. PEER found that the Department of Human Services' (DHS's) system for collecting and reporting information on child support enforcement was adequate to marginal in eight of the nine areas examined during the period of the review (primarily FY 1996).

Based on criteria PEER developed, DHS earned passing or marginal ratings for the Child Support Enforcement Division's collecting and reporting of information in four areas of program output (e.g., establishing paternity). DHS also earned passing or marginal ratings for collecting and reporting two types of program outcome information, including amounts of child support collected and distributed by the division, as well as on two of three elements of program efficiency. DHS earned a failing grade on information it provided in the area of timeliness of case processing. The division did not routinely compile and report

information that would have helped managers and policymakers identify timeliness problems in specific phases of the enforcement process. DHS should improve its collection, reporting, and monitoring of accountability information in the areas in which the Child Support Enforcement Division earned marginal or failing ratings.

357. A REVIEW OF MISSISSIPPI'S 1997 WELFARE REFORM LEGISLATION, June 10, 1997, 26 pages

In response to federal welfare reform legislation, the Mississippi Legislature enacted two bills during its 1997 session (House Bill 766 and Senate Bill 2164) which make fundamental changes in the state's administration of assistance programs and child support enforcement. House Bill 766 creates the Temporary Assistance to Needy Families (TANF) program for state recipients and establishes requirements that recipients work to receive their cash assistance. Senate Bill 2164 establishes new requirements for employers and other persons having information about possible location and assets of persons who owe child support to parents receiving public assistance from the state.

The report outlines several areas of program administration which should be of concern to legislators regarding administration of the new TANF and revised child support enforcement programs and recommends that the Department of Human Services devise measurable outcomes and output measures with which to evaluate these programs. The report also suggests that the Joint Legislative Department of Human Services Oversight Committee require the department to report such information as its success in meeting work participation rates and the significance of transportation and child care in program participants' finding and holding work.

358. AGENCIES' METHODS OF INCREASING STATE EMPLOYEES' SALARIES OUTSIDE THE VARIABLE COMPENSATION PLAN, June 10, 1997, 36 pages

State agencies award salary increases either through the Variable Compensation Plan (VCP) or through other personnel actions (non-VCP). Non-VCP salary increases result from personnel actions such as reallocations and inter- and intra-agency promotions. Although agencies legitimately implement these non-VCP salary increases in accordance with State Personnel Board rules and regulations, such expenditures are not specifically appropriated and may have financial effects not anticipated by the Legislature.

Although state law requires an annual report to the Legislature describing non-VCP salary increases, the report has not been a significant factor in budget deliberations because the report is not due until September 1, after agencies have submitted their budget requests for the subsequent fiscal year. PEER recommends that the Legislature amend state law to require earlier publication of the report (July 1) and that it contain a synopsis of trends or agency practices, rather than just providing bulk data regarding transactions.

The Legislature could also exert more control over non-VCP salary increases by inserting language in appropriation bills which limits funds available for non-VCP salary increases and by requiring a greater degree of disclosure from agencies regarding such increases.

359. A LIMITED MANAGEMENT REVIEW OF THE MERIDIAN PUBLIC SCHOOL DISTRICT'S CENTRAL OFFICE, July 8, 1997, 32 pages

After reviewing complaints in six areas, PEER found no evidence that

administrative pay increases at the Meridian Public School District were excessive or that the district had hired persons with emergency teaching certificates over qualified, certified teachers.

However, concerning the remaining four areas of complaint, PEER found:

- the district's decision to contract for limited management of custodial, maintenance, and grounds services resulted in increased expenses of approximately \$92,000 for the 1996-97 school year;
- four district officials working as consultants outside the district received double compensation for services performed during normal working hours;
- the hiring of the district superintendent's husband as Director of Transportation may constitute a violation of conflict of interest laws; and,
- the district's board entered executive session during four meetings to discuss personnel matters that were not exempted from requirements of the Open Meetings Act.

360. A REVIEW OF TUNICA COUNTY SCHOOL DISTRICT'S ADMINISTRATIVE AND INSTRUCTIONAL SPENDING, July 8, 1997, 42 pages

The Tunica County School District has received the lowest possible accreditation rating in eight of the last nine years and is currently under conservatorship of the State Department of Education due to its failure to improve student performance. Within this same period, the district's revenues have increased tremendously (local revenues for school year 1996-97 were five times that of 1991-92) due to

an influx of gaming-related revenues. This windfall of new revenue has provided a unique opportunity to use increasing resources for improving academic achievement, yet the district's commitment of resources to classroom instruction has been average in comparison to the state's other districts.

Also, the district has expended large amounts of resources outside the classroom in areas which have little or no direct effect on academic achievement and for which the district has not identified a need (e.g., comparatively high administrative and support salaries).

Tunica County School District's lack of a long-term financial plan to prioritize assessed needs has hampered its effectiveness in using its resources. This lack of a financial plan, combined with the lack of comprehensive spending policies, has resulted in certain non-instructional expenditures which were imprudent, wasteful, or not authorized by law.

PEER also found that the hiring of the Tunica County School District Superintendent's wife as a district-level administrator may constitute a violation of conflict of interest laws.

361. SUMMARIES OF PEER REPORTS, 1973-PRESENT, August 1, 1997, 94 pages

362. A REVIEW OF THE DEPARTMENT OF HUMAN SERVICES' DECISION TO REDUCE THE LEVEL OF FUNDING TO THE DEPARTMENT OF EDUCATION FOR OPERATION OF THE HOME TIES PROGRAM FOR FAMILY PRESERVATION, September 11, 1997, 60 pages

In March 1995, the State Department of Education implemented the Home Ties Program as a five-year pilot program at five sites using federal funds made available through a sub-

grant from the Mississippi Department of Human Services (MDHS) and matching funds appropriated by the Legislature. The program provided intensive, short-term, home-based treatment and services to families with children at imminent risk of placement outside of the home due to problems within the home. Mississippi's Home Ties Program was based on a well-defined and extensively researched treatment model. Prior to its implementation in Mississippi, the program had shown positive results in numerous states.

In July 1996, MDHS elected to reduce the level of annual federal funding to Mississippi's Home Ties Program by \$149,177, which resulted in the closing of two pilot sites. While MDHS's decision to reduce funding to the Home Ties Program did not violate either the federal or state acts under which the program was funded, MDHS's decision was not prudent because the program was only fifteen months into a five-year test period, the legally required evaluation of the program's effectiveness was not complete, and early program data showed that the program was exceeding its goal of preventing out-placement of children in seventy percent of the cases served. Further, MDHS used federal funds taken from the Home Ties Program to pay the salaries of MDHS adoption specialist social workers, a use which the federal Department of Health and Human Services ruled inappropriate.

363. AN EVALUATION OF THE MISSISSIPPI GAMING COMMISSION'S BINGO DIVISION, November 13, 1997, 39 pages

Mississippi's Charitable Bingo Law does not authorize the Gaming Commission's Bingo Division to restrict bingo licensure to authentic charities with a record of charitable operations or to audit the flow of funds from receipt by bingo licensees to use of funds for charitable purposes.

The Bingo Division lacks trained accounting personnel necessary to perform financial analysis tasks associated with gaming regulation, does not obtain financial documentation sufficient to carry out financial regulation of licensees, and does not comply with its own procedures relative to agents' reporting to management regarding work plans and achievements.

Also, the current annual licensure requirement places an undue burden on agency staff who must spend significant time on background checks in the late summer and early autumn, with less time available to them for inspections of bingo halls.

364. A COMPLIANCE REVIEW OF SELECTED AREAS OF EAST MISSISSIPPI STATE HOSPITAL, INCLUDING PATIENT ACTIVITY FUNDS AND INVENTORY, November 13, 1997, 29 pages

PEER reviewed the adequacy of East Mississippi State Hospital's internal controls over resources and determined:

- The Patient Activity Fund, established to finance patients' social events and field trips, has no formal written policies and procedures governing receipts and disbursements of funds. EMSH did not consistently comply with generally accepted internal controls over this fund during fiscal years 1996 and 1997 and could not document that all funds were used for intended purposes.
- Although controls governing receipts and disbursement of the Weems Fund (a trust fund established to finance patient activities and provide allowances to indigent patients) are consistent with generally accepted internal control principles, EMSH did not consistently adhere to these policies and procedures during fiscal years 1995 through 1997.

- EMSH's Dietary Department's policies include sufficient internal controls over non-perishable food inventory, but EMSH managers do not require internal auditors to determine the extent of the staff's adherence to these control procedures.
- The hospital's practices concerning use of arts and crafts supplies could allow theft or personal use of supplies. EMSH's system does not yield the documentation needed to demonstrate that supplies were used as intended.

365. AN INVESTIGATIVE REVIEW OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S EQUIPMENT SHOP, November 13, 1997, 20 pages

Although Mississippi Department of Transportation (MDOT) policies require authorization and recording of vehicle and equipment repair and maintenance activities, MDOT equipment shop personnel have failed to adhere consistently to these policies. Without properly completed documentation, the department has no means by which to analyze the maintenance history of each vehicle to determine when preventive maintenance or vehicle disposal should occur. MDOT's internal control system for its equipment shop does not require that excess vehicle parts be inventoried or stored in a secured location, thus compounding the problem of poor recordkeeping and allowing the possibility that shop personnel could repair state vehicles with used parts while procuring new parts for personal use.

MDOT and State Personnel Board staffs did not ensure that one applicant's work experience was valid and complete prior to hiring (and later promoting) him at the Jackson equipment shop.

The MDOT Equipment Shop Supervisor may have violated state

conflict of interest laws when he bought two surplus MDOT automobiles. State law prohibits public servants from buying, directly or indirectly, items sold by the governmental entities that employ them.

366. A SURVEY OF SCHOOL DISTRICTS' SELECTION OF VENDORS AND CONTROLS OVER DIRECT SALES TO STUDENTS, November 13, 1997, 29 pages

No state law or State Board of Education policy requires school districts to use a competitive process in selecting vendors for the direct sale of items to students and their parents (e.g., rings, caps and gowns, year books, school pictures, graduation items, and accident insurance). Given the absence of a required competitive process, 86% of Mississippi's 153 school districts reported that they have not developed or implemented the five basic oversight procedures PEER believes are needed to ensure minimum control over vendor selection, receipt of activity fund commissions generated from the sale of such items, and activity fund management. As a result, school districts may not be providing students and parents with access to the vendor with the highest quality goods at the lowest price and schools may not be maximizing revenue for school activity funds.

Further, although state law and State Auditor's guidelines require certain controls over school districts' management of activity funds, state law does not prohibit school administrators from accepting gifts from vendors who sell products to students. PEER recommends that the Legislature amend state law to require open and competitive bidding for the selection of vendors who sell items directly to students and to prohibit administrators from accepting money or gifts from such vendors.

367. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 1997 COST PER INMATE DAY, November 14, 1997, 15 pages

Mississippi law requires that state contracts for private prisons save a minimum of ten percent on "at least the same level and quality of service offered by the Department of Corrections." The law also requires that PEER contract annually with a certified public accounting firm to determine a state cost per inmate day for correctional facilities. This certified cost per inmate day serves as the basis for measuring the required ten percent savings.

For Fiscal Year 1997, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000 bed facility was \$46.81, including debt service for a facility. FY 1997 costs per inmate day for individual security classifications were as follows: minimum security, \$43.26; medium security, \$46.58; and, maximum security, \$59.18. MDOC's FY 1997 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$54.47 for medium security and \$64.66 for maximum security.

In light of the rapid increase in the cost per inmate day over the past three years, the PEER Committee recommends that MDOC conduct an internal efficiency and economy review to reduce these costs.

368. A POLICY ANALYSIS OF MISSISSIPPI'S ETHICS LAWS REGULATING FORMER PUBLIC SERVANTS' WORKING FOR PRIVATE CONTRACTORS, December 9, 1997, 15 pages

"Revolving door" issues arise when former state employees or officers leave state service to work for contractors of their former agencies. At present, state ethics laws do not regulate several instances in which officers or employees

go to work for contractors. When considering whether to regulate these instances, the state must balance the public's interest in guarding against impropriety with the former employee's interest in employment and the government's interest in hiring knowledgeable contractors. PEER offers several options for changing the state's current ethics laws as they deal with revolving door issues.

369. A REVIEW OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S PERSONAL SERVICES CONTRACTING, December 9, 1997, 29 pages

The Department of Economic and Community Development's personal services contracting policies comply with requirements of state law and contain essential components of a competitive procurement process. In a sample of twenty-six FY 1997 contracts, PEER found that the department documented compliance with its own personal service procurement standards with the exception of one contract. The department did not consistently utilize all relevant components of the best practices model of contracting, which PEER believes provides a more complete accountability standard, when selecting personal services contractors.

During FY 1997, DECD paid its advertising contractor management fees representing approximately 14% of the department's total allocation for advertising services. This percentage is consistent with the accepted level of compensation which, according to Mississippi advertising professionals and professors of mass communications, is approximately 15%. Although the department's advertising expenditures result from needs-based marketing plans, such plans do not contain measurable objectives to determine whether the advertising contractor's performance has a positive effect on DECD's recruitment of businesses, retirees, or tourists. The

department does collect data to develop goals and objectives for its divisions and to determine future advertising placements.

370. THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S USE OF CONTRACTORS DURING FISCAL YEARS 1997 AND 1998 FOR THE STATE AND PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE PLANS, December 9, 1997, 17 pages

State law requires the PEER Committee to report annually to the Legislature regarding contractors used by the Department of Finance and Administration (DFA) to administer the State and Public School Employees' Health Insurance Plans. In procuring its administrative contracts during FY 1997, DFA adhered to state law and the components of fair and efficient public contracting.

DFA's contractors delivered work products according to financial and other contractual requirements. The department expended \$3,475,150 in FY 1997 and \$827,757 in FY 1998 (to date) for its administrative, utilization review, and database information contracts. In response to a legislative inquiry, PEER determined that DFA analyzes discount pricing arrangements offered by its network providers to ensure that such prices comply with contractual agreements.

371. A REVIEW OF THE MISSISSIPPI MILITARY DEPARTMENT'S OPERATIONS AT CAMP SHELBY, December 9, 1997, 27 pages

The Mississippi Military Department has adequate internal controls in place to safeguard appropriated public funds at Camp Shelby. Some non-appropriated public funds fall outside the normal internal control system, which has led to misuse by Camp Shelby management of two "checkbook" funds.

In a construction project, Military Department personnel exceeded federal cost ceilings, violated state purchasing regulations, poorly managed public funds, and may have violated other federal, state, and National Guard regulations.

Camp Shelby generally has and implements good controls over state and federal property, but managers have occasionally used housing facilities on post for private purposes without adequately reimbursing the state.

Camp Shelby management adheres to Military Department regulations concerning the assignment, promotion, and appraisal of employees and the use of the dual employment system.

372. A DESCRIPTION OF MISSISSIPPI'S PLANNING AND DEVELOPMENT DISTRICTS, AN ASSESSMENT OF THEIR OVERSIGHT, AND A REVIEW OF THEIR FAIRNESS IN ADMINISTERING LOAN PROGRAMS, January 5, 1998, 83 pages

Because PDDs are private, nonprofit corporations, federal and state agencies review specific programs, but no agency routinely oversees PDDs' programs or finances on a comprehensive basis. In reviewing the adequacy of oversight of PDDs and the fairness of the PDD loan application process, PEER identified varying levels of oversight and administrative procedures. PEER found that:

- oversight of PDDs' effectiveness in improving the economy is inadequate because no performance indicators have been developed at state or regional levels to be used in assessing PDDs' impact;
- oversight of PDDs' fiscal compliance is fragmented, consisting primarily of varying levels of monitoring by state agencies, limited federal monitoring, and federally mandated independent audits; and,

- although PDDs have developed some procedures for avoiding conflicts of interest, ensuring program promotion to a wide audience, and establishing a clear and open application process, no PDD had established all of the procedures that PEER considers necessary for fairness in loan program administration.

373. AN EVALUATION OF STATEMENTS OF THE BOARD OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM REGARDING THE ACTUARIAL STATUS OF THE SYSTEM, January 5, 1998, 13 pages

The Board of Trustees of the Public Employees' Retirement System places too much emphasis on the amortization period of the unfunded actuarial accrued liability as a measure of the system's funding status. The board should also use the ratio of the unfunded actuarial accrued liability to covered payroll as a measure of the system's health, because this ratio directly relates to the funding stream that supports PERS.

PEER's actuary states that reasonable differences of opinion may exist over the need for changes in the PERS cost of living adjustment or for *ad hoc* benefit increases for current retirees, and recommends that any increase in benefits be funded all or in part with an increase in contributions rather than exclusively by an extension of the amortization period of the unfunded accrued actuarial liability.

374. A POLICY FRAMEWORK FOR EVALUATING OPTIONS FOR FURTHER ENCOURAGING MISSISSIPPI'S NONINDUSTRIAL PRIVATE OWNERS OF FORESTLAND TO REFOREST, March 5, 1998, 71 pages

Good stewardship of forestland in nonindustrial private ownership is important because this ownership

category accounts for the majority of forestland in the United States (58%) and in Mississippi (72%) and supplies slightly over half of the nation's commercial timber. Current research, based on the best data available, shows that current reforestation incentives available to Mississippi landowners are sufficient to generate a slight increase in the state's pine and hardwood timber inventories by the year 2009.

If significant increases in these inventories are desired, lawmakers may choose from several options. One option is to let market forces drive the desired increase; however, some argue that these forces are insufficient due to the long-term and uncertain nature of an investment in reforestation. Another option is to enforce the state's Forest Harvesting Law requiring reforestation following harvesting, but amend the law to conform to current knowledge of best natural and artificial reforestation practices. Other options such as a reforestation tax credit and expansion of the state's cost-share program should be considered in light of their potential for efficiently and effectively encouraging those nonindustrial private owners of forestland to reforest who would not otherwise do so. Further, any new incentives adopted should include a clear, measurable statement of the specific objectives that the option is intended to address (e.g., to increase x type of timber inventory by x% by x target date).

375. A REVIEW OF THE MISSISSIPPI BOARD OF ANIMAL HEALTH'S VETERINARY DIAGNOSTIC LABORATORY, May 12, 1998, 38 pages

The Board of Animal Health's Veterinary Diagnostic Laboratory is responsible for rendering quick and accurate diagnoses of diseases in the state's animals and livestock. The state's animal health interests are placed at risk if the laboratory fails to ensure quality in its diagnostic testing. PEER verified several cases in which

serious lab errors have occurred. Because the lab has not established a comprehensive system for ensuring the accuracy of its test results, particularly in the facility's chemistry and microbiology labs, errors are less likely to be detected and corrected than would be the case if a full system of controls were in place. The lab's recent involvement in testing related to the quality of food for human consumption substantially increased the risk associated with errors and problems in judgment.

376. A MANAGEMENT REVIEW OF THE MISSISSIPPI LIBRARY COMMISSION DIRECTOR'S DECISION TO POSTPONE IMPLEMENTATION OF AN ONLINE UNION CATALOG AND INTERLIBRARY LOAN SYSTEM, June 9, 1998, 7 pages

In October 1997, the Mississippi Library Commission temporarily suspended implementation of an online Mississippi Union Catalog and Interlibrary Loan project. The agency's newly hired Executive Director stopped the project to determine whether the online union catalog concept was the best alternative for the commission and Mississippi's public libraries. PEER received a complaint which focused on possible changes that could jeopardize small, rural libraries' capacity for full participation in statewide sharing of library resources.

Unknown to the complainant, the Executive Director resumed implementation of the original online project in December 1997 after determining that no feasible alternative existed. PEER found that the director exercised a reasonable management option to review the decision-making process and alternatives for the direction of the commission and local libraries. Also, the director's decision to continue implementation of the online system serves the interests of both the commission and the local libraries and should not jeopardize any library's full participation.

377. A PROGRAM EVALUATION OF THE STATE BOARD OF OPTOMETRY, July 14, 1998, 80 pages

The Legislature created the State Board of Optometry to protect the public from incompetent or negligent optometric practice. The board should protect the public through licensure and disciplinary procedures. With the highest incidence of visual impairment in the nation, Mississippi has an unusually high level of need for competent eye care services.

In evaluating the Board of Optometry, PEER found that:

- Although state law provides the board with authority to license and discipline optometrists, the law provides few options to the board against unlicensed practitioners. The law can pursue unlicensed practitioners' violations of optometry laws only through the courts.
- Although the board has ensured that licensed optometrists meet minimum competency standards, the board's qualifications and competency requirements may impose needless restrictions. For example, the board requires passage of a pharmacology exam which does not fully comply with standards for professional testing and duplicates an already required national board exam.
- The board's disciplinary processes are inadequate to protect the public. For example, the complaint processing procedure does not ensure public access and limits the board's capacity for effectively imposing penalties.
- The board has not maximized use of its limited resources to support its licensure and disciplinary functions. For example, the board has not required spending authority

in the major objects corresponding to its needs.

378. A PROGRAM EVALUATION AND FINANCIAL COMPLIANCE AUDIT OF THE STATE BOARD OF BARBER EXAMINERS, July 14, 1998, 43 pages

State law provides the Board of Barber Examiners with authority to regulate the state's barbering profession. Because the board has not adequately regulated the profession, it cannot ensure the public that barbers have demonstrated the required knowledge and skills or that barbers consistently adhere to sanitary standards.

In the area of examination and licensure, the board does not consistently verify the completeness and accuracy of educational and training information submitted by licensure applicants. The board's testing process for barbers and barber instructors is not valid and reliable because it does not fully comply with recognized testing standards for professional regulatory boards. With regard to inspections and investigations, the board cannot ensure that its inspections are conducted on a regular basis and in a uniform manner because the board has not established formal policies and procedures for such inspections. Also, the board violates state law by its failure to adopt rules and regulations for the recording, investigating, and resolution of complaints against barber licensees.

The board has not adequately accounted for its funds because it has not collected or made timely deposits of license fees in a manner consistent with state law and has not followed all state regulations and accepted business practices in accounting for or safeguarding its fee collections. As a result, the board's administrator misappropriated approximately \$2,266 in board funds.

379. SUMMARIES OF PEER REPORTS, 1973-PRESENT, September 10, 1998, 100 pages

380. A REVIEW OF THE USE OF TIDELANDS FUNDS, September 29, 1998, 35 pages

Mississippi's public trust tidelands include separate streams and bayous in an area extending to approximately three miles south of the Barrier Islands in the Gulf of Mexico. The state Tidelands Act requires individuals or organizations building on or utilizing public trust tidelands to lease them from the state and that such lease revenues be used for "*conservation, reclamation, preservation, acquisition, education or the enhancement of public access to the public trust tidelands or public improvement projects as they relate to such lands.*"

The Office of the Secretary of State and the Department of Marine Resources (DMR) have collected and distributed Tidelands Funds in compliance with state law and appropriations bills. However, although Tidelands Funds projects are subject to legislative line-item appropriation, no state law or regulation requires that they be subject to formal analytical review to determine their merit, need, or compliance. Thus, some Tidelands Funds have not been expended for advancement of the objectives set forth in state law.

Further, of thirty-one projects receiving a total of \$4 million in Tidelands Funds appropriations in FY 1998, only two projects complied with all DMR grant agreement reporting provisions. When entities administering Tidelands Funds projects do not document compliance with project guidelines through the required reports, the state has no assurance that the funds have been used for the purposes set forth in the Tidelands Act.

381. INVESTIGATION OF SELECTED FINANCIAL AND PERSONNEL PRACTICES OF THE MOSS POINT SCHOOL DISTRICT, October 7, 1998, 3 pages

PEER found no basis for allegations levied against the school district and school employees.

382. A SURVEY OF COST OF ISSUANCE EXPENSES OF 1997 STATE AND LOCAL BOND ISSUES, October 29, 1998, 25 pages

To determine the cost of state and local bond issues in 1997, PEER surveyed local entities and obtained information from the Department of Finance and Administration's Bond Advisory Division's annual report. PEER did not verify this bond issuance expense information. This report is an informational tool designed to provide legislators with an accounting of state and local bond issuance expenses and contains no conclusions or recommendations.

383. A COMPLIANCE REVIEW OF THE LANDSCAPE GARDENER LICENSURE EXAMINATION PROCESSES, October 29, 1998, 23 pages

The Bureau of Plant Industry, a division of the Mississippi Department of Agriculture and Commerce, regulates the professional service of horticultural and floricultural work (i.e., landscape gardening), primarily through examining applicants for licensure. The bureau's licensure examination processes are not valid because they do not fully comply with recognized testing standards for professional regulatory agencies. As a result, the bureau cannot ensure that it is licensing individuals who possess the necessary knowledge and skills to provide competent landscape gardener services in Mississippi.

384. A COMPLIANCE REVIEW OF THE MISSISSIPPI HOME CORPORATION'S TAX CREDIT PROGRAM, November 10, 1998, 35 pages

The Mississippi Home Corporation (MHC) administers the federal low-income tax credit program. Through this program, housing developers may receive federal income tax credits as incentives for the development of housing for low-income persons. Federal law gives the states broad latitude in administering the program and does not establish stringent federal oversight requirements. The state also has not established adequate oversight procedures.

PEER identified problems with MHC's program administration, including:

- the practice of amending annual plans during the plan year without legal authority to make amendments;
- inconsistent application of internal policies and procedures when evaluating applications for tax credits; and,
- tax credit housing developments not necessarily going to the areas of greatest need.

385. AN EXPENDITURE REVIEW OF THE STATE DEPARTMENT OF EDUCATION'S ACQUISITION OF ASSISTIVE TECHNOLOGY EQUIPMENT AND SOFTWARE, November 10, 1998, 26 pages

Between June and September 1996, the State Department of Education (SDE) expended \$195,764 (67% of which was from general funds) for assistive technology equipment and computer software for examination by parents and teachers who provide services to disabled students. During a July 1998 unannounced inspection of SDE's equipment storage site, PEER found

most of the assistive technology equipment and computer software items in their original packaging, unopened and uninventoried. SDE was not in compliance with state laws, the State Auditor's guidelines, or its own property policies governing inventory control over these items. Warranties on some assistive equipment items have expired, leaving no recourse if SDE discovers defective items.

Because most of the equipment and software has either not been opened or has been used little during the months since purchase, it is questionable whether SDE sufficiently defined the need to acquire or place the equipment. SDE procured the equipment and software without adequately performing an analysis and assessment of teachers', parents', and disabled students' needs and without first establishing a facility where it could be housed and made readily available to parents and teachers.

386. THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S USE OF CONTRACTORS FOR THE STATE AND PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE PLANS DURING FISCAL YEARS 1998 AND 1999, November 10, 1998, 15 pages

State law requires the PEER Committee to report annually to the Legislature regarding contractors used by the Department of Finance and Administration (DFA) to administer the State and Public School Employees' Health Insurance Plans. During FY 1998 and FY 1999 (to date), DFA did not enter into any new contracts except for the third-party administrator contract and network provider contracts which are excluded from PEER's review.

DFA's contracts already in effect and subject to review were approved by the State Personnel Board for FY 1998 and the Personal Service Contract Review Board for FY 1999 as required by state law. DFA's contractors

delivered work products in compliance with financial and other contractual requirements. The Department of Finance and Administration expended \$4,253,610 in FY 1998 and \$860,413 in FY 1999 (to date) for its administrative, utilization review, and database information contracts.

387. A PROGRAM EVALUATION OF THE MISSISSIPPI STATE PORT AUTHORITY, December 8, 1998, 31 pages

The Mississippi State Port Authority, one of the smaller port facilities in the Gulf Coast region, specializes in handling commodities that serve "niche markets" at competitive rates. The port has successfully operated as a self-sufficient business enterprise during the 1990s. Its increased business activity and successful financial performance have decreased the need for state and local funds to supplement commercial port operations and have provided positive economic benefits. Casino leases of port lands have significantly contributed to the port's renewed vigor, but improved management of the commercial port operation deserves a fair share of credit for the port's revitalized condition.

388. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S METHODS FOR CLEARING STRUCTURES FROM THE RIGHT-OF-WAY, December 30, 1998, 30 pages

The Mississippi Department of Transportation must purchase property in a proposed road area (right-of-way) and then clear it of all structures in order to construct highways. In response to complaints, PEER examined the department's process of selling and clearing structures from the right-of-way. Complainants stated that the department sometimes has not allowed citizens to bid on buying and moving

structures from the right-of-way, but later has allowed demolition contractors to move the houses intact rather than destroy them. They also suspected that department personnel may have received kickbacks because contractors were allowed to remove houses intact that citizens had been told had to be destroyed.

PEER found that the department seeks to use demolition contractors to help meet construction deadlines, although existing data does not demonstrate its effectiveness in doing so. MDOT does not require that contractors bid competitively, as the law requires when certain properties are sold. Also, although PEER found no evidence suggestive of kickbacks in the cases reviewed, the lack of comprehensive, up-to-date policies and management controls for guidance of clearance agents provides ample opportunity for arbitrary decisions which could be perceived as unfair by those interested in purchasing properties on the right-of-way. In addition, the department's lack of sufficient prevention measures and oversight policies increases the potential that illegal acts could be perpetrated and go undetected.

389. AN EVALUATION OF THE EFFECTIVENESS OF THE DEPARTMENT OF MARINE RESOURCES' MARINE RESOURCES MANAGEMENT AND THE DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS' MARINE LAW ENFORCEMENT, January 11, 1999, 94 pages

The Department of Marine Resources' primary legislated objectives are to protect, propagate, and conserve the state's marine resources (including protection of the state's coastal wetlands) in connection with revitalizing the state's seafood industry.

The Department of Marine Resources (DMR) is generally performing an adequate job of

managing the state's major regulated marine fisheries. The department has enacted ordinances and taken management actions designed to restore those fisheries designated as overfished or showing signs of decline. However, declines in coastal water quality, wetlands habitat, and seagrass acreage will affect the long-term viability of the state's marine resources if not properly addressed. With respect to revitalization of the state's seafood industry, while over the long term (since 1950) Mississippi's commercial fisheries landings have been relatively stable, since the 1980s the volume and value of Mississippi commercial fisheries landings have declined.

By having enforcement officers spend the majority of their work time patrolling Mississippi's marine waters and issuing citations to violators, the Department of Wildlife, Fisheries, and Parks' Marine Law Enforcement unit is carrying out its legislated purpose of enforcing laws and regulations for the protection, propagation, and conservation of saltwater aquatic life in the state of Mississippi. However, these officers are not enforcing the state's coastal wetlands protection act as required under a memorandum of agreement with DMR.

390. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 1998 COST PER INMATE DAY, December 30, 1998, 19 pages

For Fiscal Year 1998, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$45.28, including debt service for a facility. FY 1998 costs per inmate day for individual security classifications were as follows: minimum security, \$42.90; medium security, \$38.99; and, maximum security, \$56.19. MDOC's FY 1998 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$54.96 for

medium security and \$62.19 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." Thus PEER believes that private prison contracts should yield savings significantly above the ten percent required by law.

391. A REVIEW OF THE FINANCIAL POSITION AND BENEFIT PROVISIONS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, January 11, 1999, 22 pages

PEER's actuary concluded that the Public Employees' Retirement System's (PERS's) current benefit formula does not encourage employees with twenty-five or more years of covered service to defer retirement and continue public employment. In fact, under certain circumstances, the early retirement subsidy is greater than the value of benefits accrued for continued covered employment under PERS.

PERS's present benefit formula provides retirement income which is reasonably protected against the effects of inflation. PERS has benefited from a "bull" stock market, which appears to be the by-product of the system's diversified portfolio. Because of such diversification, short-term investment losses caused by downturns in the stock market should not have a long-term impact on the funded status of the system.

392. A REVIEW OF THE USE OF PRIVATE CONSTRUCTION ENGINEERING AND INSPECTION FIRMS BY THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION, January 11, 1999, 31 pages

From FY 1996 through FY 1998, the Mississippi Department of

Transportation (MDOT) awarded seven construction engineering and inspection (CE&I) consultant contracts totaling \$18,893,354 to two private engineering firms. These seven CE&I contracts accounted for eleven percent of MDOT's total construction contract expenditures during this period.

MDOT's efforts to achieve economy by privately contracting CE&I services have fallen short because CE&I fees (averaging 16.7 percent of construction contract costs) exceed the maximum federal reimbursement limits of 15 percent of total contract cost, the 14.1 percent average cost in other states, and the 10 percent cost of performing the CE&I function internally.

MDOT is limited in its ability to procure professional engineering services competitively because federal law prohibits and state law and regulations restrict the use of competitive bidding for such contracts. MDOT is limited to using competitive negotiation, which requires initial selection of firms based on qualifications; however, this process is weak because it is based on inconsistently applied evaluation criteria and non-uniform rating practices. MDOT does not use available mechanisms for negotiating economical contracts (e.g., benchmarking proposals against an estimate of performing the CE&I service internally or seeking a competitive price by considering a firm other than the first on the list).

393. A FOLLOW-UP REVIEW OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S METHODS FOR ACQUIRING RIGHT-OF-WAY PROPERTIES, May 11, 1999, 32 pages

During its 1994 review, PEER identified several inconsistencies in the Department of Transportation's right-of-way acquisition process. The department has been largely unresponsive to PEER's concerns, taking little action to address identified

weaknesses. As a result, the Right-of-Way Division continues to allow inconsistency and unfairness in dealing with property owners. Although the department has improved the clarity and content of information distributed to property owners, it has not heeded recommendations to improve consistency of appraisals, administrative settlements, or damage awards to property owners by updating standard operating procedures, developing and encouraging the use of consistency-enhancing tools, or developing formal documentation for the processes used.

The contracting of acquisition work to private firms has increased the department's oversight responsibility, yet the department's Internal Audit Division and the Federal Highway Administration have reduced oversight, resulting in weaker measures taken to assure consistency and fairness.

394. A FOLLOW-UP REVIEW OF THE DIVISION OF FAMILY AND CHILDREN'S SERVICES OF THE DEPARTMENT OF HUMAN SERVICES, May 11, 1999, 31 pages

In its 1992 review, PEER found that the Department of Human Services' effectiveness in protecting children and vulnerable adults was seriously compromised by the absence of well-trained professionals at all levels and the lack of a quality assurance system capable of identifying and correcting weaknesses in service delivery.

Many of the problems identified in PEER's 1992 review persist. Although qualifications of social workers in the department's Division of Family and Children's Services improved with passage of a 1994 law requiring licensure, the department has not provided adequate remedial training to many of the division's social workers. Due to a grandfathering provision in the 1994 law, many of the division's social workers have continued employment

without passing the state board's licensure examination or otherwise demonstrating their competence to perform social work.

The division's individual employee performance appraisal system fails to document serious deficiencies in casework (e.g., failure to conduct investigations of child abuse and neglect in a timely manner). This failure deprives management of a critical tool for early identification and correction of service delivery problems through remedial training.

395. BENEFITS AND LIMITATIONS OF CONSTRUCTION PROGRAM MANAGEMENT BY MISSISSIPPI'S PUBLIC ENTITIES, July 13, 1999, 37 pages

One of the methods available to public entities to help yield timely and economical construction of quality facilities is the use of construction program management (CPM) services. Such services may be obtained by hiring an independent CPM contractor to monitor and oversee the construction project and represent the public entity's interests with constructors, by developing internal CPM service capability, or by contracting for specific design and oversight services the entity deems essential.

Public entities should be aware that the benefits of using a CPM contractor may be compromised by a lack of criteria and standards for the appropriate use of CPM and by deficiencies in the contracting process. Also, because the state has not established regulatory requirements for governing who is qualified to provide CPM services, public entities have no assurance that CPM providers meet minimum competency requirements. Should a public entity choose to use a CPM contractor, the entity should recognize that such an agreement is a "buyer beware" proposition which does not reduce risks or assure timely

completion of a quality facility except to the extent stipulated in enforceable contractual provisions.

396. SUMMARIES OF PEER REPORTS: 1973-PRESENT, September 30, 1999, 102 pages

397. MAJOR COMPUTER SYSTEMS IN MISSISSIPPI'S STATE AGENCIES: A REVIEW OF THEIR DEVELOPMENT AND IMPLEMENTATION, September 14, 1999, 49 pages

The majority of the state's current computer system implementation projects have experienced revisions in estimated costs and completion dates. PEER reviewed current projects with estimated costs greater than \$1 million to identify factors which could lead to new systems costing more than originally budgeted or requiring more time to become operational than originally anticipated.

Although the causes of revisions and delays are often complex and each project's problems are unique, agencies often fail to adhere to one or more of the generally accepted project management principles during computer system development and implementation. Agencies may fail to define project objectives and requirements, review vendor experience and resources sufficiently, involve system users in designing and testing the system, limit changes to a system once the project has commenced, divide the project into manageable milestones, or engage in substantive quality assurance review. The Department of Information Technology Services has not fully exercised its statutory authority to compel state agencies to use specific project planning and management procedures.

Agencies' lack of attention to accurate costing and cost reporting inhibits external oversight efforts of large-scale computer system projects.

Agencies do not uniformly and periodically report cost information on such projects to the Department of Information Technology Services, any other state agency, or to the Legislature. Also, current monitoring and reporting methods do not capture all personnel costs of a computer project. Without the uniform accumulation and reporting of segmented costs of large-scale computer system projects, the Legislature does not have all the information needed for decisionmaking.

398. MISSISSIPPI INSURANCE DEPARTMENT: ITS EFFECTIVENESS IN REGULATING THE STATE'S INSURANCE INDUSTRY, November 9, 1999, 54 pages

PEER reviewed the effectiveness of the Mississippi Insurance Department (MID) in protecting the public from the principal risks associated with operation of the state's insurance industry. PEER sought to determine whether the department adequately protects the public from the consequences of insurance company insolvencies; ensures that rates charged by insurance companies are not excessive, inadequate, or unfairly discriminatory; and, protects consumers from misconduct by insurance companies or their agents.

Concerning whether the department adequately protects the public from the consequences of insurance company insolvencies, PEER found that MID's regulatory activities provide the public with reasonable protection against these risks.

Concerning whether the department ensures that rates charged by insurance companies are not excessive, inadequate, or unfairly discriminatory, PEER found that MID does not submit all property and casualty rate filings for actuarial review. Actuarial review is a necessary step in determining the appropriateness of property and casualty rate requests.

Concerning whether the department protects consumers from misconduct by insurance companies or their agents, PEER found that MID does not verify critical information during the agent licensing process; does not have a formal system for receiving and utilizing complaint data in order to target its regulatory and educational efforts; and, does not adequately educate consumers regarding the risks posed by the industry and the steps consumers can take to avoid those risks.

399. A REVIEW OF THE WEST JACKSON COUNTY UTILITY DISTRICT, November 9, 1999, 31 pages

The Jackson County Board of Supervisors created the West Jackson County Utility District to implement a wastewater management system to meet both federal and state pollution control mandates. In constructing the system, the district applied funds to specific areas and as a result chose to allow each area to bear the financial responsibility for the costs associated with the construction and operation of the wastewater systems. The district's practice of allocating costs to individual service areas constitutes an equitable system of cost distribution to customers. While components of the rates per customer vary, all customer rates are within an equitable range.

Although the district's current financial condition is solvent, PEER detected minor problems in district operations. The district does not adhere to its delinquent account policy, thereby allowing the potential for inequitable treatment of its customers. Also, the district lacks clear authority over the private utility providers operating within district boundaries, which creates difficulties in maintaining adequate internal control, accountability, and oversight over the private providers.

400. MISSISSIPPI DEPARTMENT OF CORRECTIONS FY 1999 COST PER INMATE DAY, December 1, 1999, 18 pages

For Fiscal Year 1999, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$47.45, including debt service for a facility. FY 1999 costs per inmate day for individual security classifications were as follows: minimum security, \$46.19; medium security, \$40.06; and, maximum security, \$59.55. MDOC's FY 1999 cost per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$59.27 for medium security and \$62.48 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." Thus PEER believes that private prison contracts should yield savings significantly above the ten percent required by law.

401. A REVIEW OF THE LICENSING OF COURT REPORTERS IN MISSISSIPPI, December 1, 1999, 34 pages

Since 1994, Mississippi's Board of Certified Court Reporters has been responsible for testing and licensing court reporters to assure a minimum level of competency. Although the board administers a valid examination to test the competence of new court reporter applicants, those tested make up only a small portion (less than three percent) of the 466 individuals who have been licensed to practice in Mississippi. For the remainder, the board's licensure offers limited assurance of a minimum level of competence.

The board has not uniformly applied licensing criteria to all applicants. The board has a lengthy

temporary license period, during which substandard practitioners could continue working with virtually no monitoring. Also, the board does not have the same competency standards for licensure of non-resident applicants as for resident court reporters.

The board is ineffective in monitoring court reporters' adherence to board regulations, including compliance with continuing education requirements. Furthermore, the board has not kept an accurate roll of qualified licensees in good standing, as required by its regulations, and has failed to employ measures to detect unlicensed practice, all of which contribute to a lax system of professional regulation.

402. A MANAGEMENT REVIEW OF REGION IV OF THE DEPARTMENT OF CORRECTIONS' DIVISION OF COMMUNITY SERVICES, December 1, 1999, 24 pages

The Mississippi Department of Corrections' Division of Community Services is responsible for supervising probationers, parolees, and other persons released under terms calling for supervision. The division's Region IV is responsible for supervision in the southern portion of the state.

Region IV lacks the necessary procedures to protect funds it collects from possible theft. The region does not maintain an accurate count of persons under current supervision nor does it have proper internal controls over the funds received. Further, Region IV cannot determine how much of the approximately \$175,000 it has assessed, but has not collected, is attributable to judicial waivers of supervision fees.

Region IV also lacks a case management method to ensure that cases are assigned to field officers based on difficulty and the time needed to manage cases appropriately. Further,

the region uses its field officers for clerical functions, depriving them of time that could be spent providing supervision. Region IV's management has not insured that field officers have complied with internal training policy, has not made policy manuals available to these personnel, and has not devised remedial training programs for field officers who do not meet agency performance expectations.

403. THE MISSISSIPPI EMERGENCY MANAGEMENT AGENCY: A REVIEW OF THE PUBLIC ASSISTANCE PROGRAM'S DISASTER CLAIMS PROCESSING, January 3, 2000, 30 pages

The Mississippi Emergency Management Agency (MEMA) coordinates with the Federal Emergency Management Agency (FEMA) in administering the disaster recovery process for the Public Assistance Program in Mississippi. This program provides supplemental federal/state aid to subgrantees (governmental and private nonprofit entities) to pay certain costs for emergency services immediately after a disaster and to restore damaged infrastructure to its pre-disaster condition. Federal sources contribute at least 75 percent of damage repair costs, while state and local entities share the remaining 25 percent or less of repair costs.

PEER's review of two 1998 federally declared disasters in Mississippi showed that subgrantees and FEMA adhered to the sixty-calendar-day processing standard for submitting and approving projects for disaster assistance. Delays in processing times (typically 235 days between the disaster and the subgrantees receiving payment for making disaster related repairs, renovations, or new construction) were the result of several contributing factors. MEMA did not adhere to the federal payment policy for small project reimbursements, subgrantees did not consistently use trained disaster

recovery agents to handle paperwork, MEMA did not allocate adequate staff resources to disaster efforts, and MEMA did not aggressively address, along with the State Auditor, a growing backlog in closeout audits. The backlog is primarily the result of the processing of unreimbursed claims from the 1994 Ice Storm and their preparation for audit. The lack of a unified project management system for tracking and reporting project status has contributed to MEMA's inability to assess the status of outstanding claims and measure processing timeliness.

404. MISSISSIPPI'S STATE VETERANS' HOMES: AN ANALYSIS OF INCREASING RELIANCE ON STATE GENERAL FUNDS AND AN EXAMINATION OF COST REDUCTION AND FUNDING OPTIONS, May 9, 2000, 47 pages

When the Veterans Affairs Board (VAB) sought authority for creation of the state's four veterans' homes, VAB told the Legislature that, aside from one-time state general fund appropriations necessary to start up each of the homes, operations costs would be funded entirely through non-state sources (e.g., federal funds and resident charges). However, general fund support for operations has grown from 0% in fiscal years 1990 through 1994 to 13% in FY 1999. In FY 1999 and current FY 2000, VAB will have received approximately \$5.2 million in state general funds for operation of the veterans' homes.

The increase in general fund expenditures is primarily due to increased staffing of the homes and insufficient non-state revenues to cover the costs of the staffing increase. Non-nursing staffing levels for the veterans' homes exceed non-nursing staffing levels of comparably sized nursing homes.

VAB could reduce reliance on state general funds by implementing one or more of the following options:

- reducing requests for general funds when the amount of special funds received exceeds initial budget projections;
- reducing non-nursing staff to average staffing levels of comparably sized nursing homes in the state;
- discontinuing payment of residents' in-patient hospital costs;
- exercising diligence in collecting Medicare Part B and secondary insurance reimbursements;
- increasing resident fees to the extent necessary to support efficient operations.

405. A REVIEW OF THE MISSISSIPPI GOVERNMENT EMPLOYEES' DEFERRED COMPENSATION PLAN AND TRUST, May 10, 2000, 24 pages

The Mississippi Government Employees' Deferred Compensation Plan is a supplemental savings plan administered by the Public Employees' Retirement System (PERS) Board of Trustees. Participants in the Deferred Compensation Plan may elect to invest in any of ten funds. The PERS Board is responsible for fund selection and contracts for administrative, marketing, and recordkeeping services. A participant's current income taxes are reduced because the participant defers part of his or her salary and does not pay federal and state income taxes on those contributions until withdrawal of the funds. Interest and savings on contributions are also tax deferred until withdrawal.

PERS has administered the plan in compliance with applicable state and federal laws and the level of administrative services and the fees

charged by the contractor are appropriate and customary for the industry. However, the plan's offering of investment funds contains several funds of the same or similar asset classification. The offering lacks a small capitalization domestic equity fund for the more aggressive investor and should add several asset allocation funds for the less sophisticated investor.

406. A REVIEW OF THE MISSISSIPPI BUREAU OF NARCOTICS' STAFFING ACTIONS, July 12, 2000, 25 pages

The Mississippi Bureau of Narcotics' (MBN) management sought and received resources to improve the bureau's drug enforcement capability in FY 1998 through FY 2000 by employing additional drug agents. However, although the Legislature appropriated funds to implement MBN's enforcement expansion proposal, MBN's former Director did not use all of the additional resources to expand the bureau's enforcement capacity. As a result, MBN did not achieve the projected performance level increases for initiated cases and arrests.

Also, despite the availability of a state general law enforcement training course at the Mississippi Law Enforcement Officer Training Academy, MBN expended funds in fiscal years 1998 through 2000 to create and operate, without statutory authority, its own general law enforcement training program. This program operated at a daily cost per student that was higher than that of the existing training academy.

While reviewing MBN's personnel management practices, PEER found that the bureau has issued weapons to employees who were not certified law enforcement officers. Further, one employee was not trained on the use of firearms. Such a practice exposes the state to potential liability for any injuries these employees might cause in

the course and scope of their employment.

407. MANAGING TRAVEL EXPENDITURES, July 11, 2000, 48 pages

In FY 1999, state agencies and Institutions of Higher Learning expended \$67 million on travel-related expenditures. While these expenditures represent less than 1% of the state's budget, state travel costs have increased significantly over the past six years--by 66% in actual dollars and by 47% when adjusted for inflation.

State statutes authorize the Department of Finance and Administration (DFA) to manage the state's fiscal affairs, including effectuating economies in the payment of travel and other expenditures. While PEER found that current controls over travel expenditures are adequate to help ensure legitimate reimbursements, DFA and state agencies could better manage state travel costs through more active travel management. For example, DFA does not routinely collect and analyze travel cost data to identify opportunities for cost reduction.

PEER makes extensive recommendations in the areas of evaluating the need for travel, collecting comprehensive travel-related data, analyzing and auditing travel data, determining the most efficient mode of transportation, controlling costs of airline travel, managing use of vehicles, obtaining travel agent services, and realizing other travel-related cost savings.

408. A REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF HEALTH, July 11, 2000, 126 pages

Although the Mississippi State Department of Health (MSDH) is the lead agency on public health issues in the state, hundreds of entities in both the

public and private sectors carry out activities that directly impact the protection and promotion of public health. Protecting and promoting public health in Mississippi is particularly challenging, given the state's demographics, which are associated with behaviors linked to greater risk of disease, high incidences of disease, and poor access to health care.

While Mississippi continues to rank poorly on several major public health indicators in comparison to the rest of the country (e.g., years lost by premature death, infant mortality rate death rates by motor vehicle accidents, incidence of sexually transmitted diseases, teenage birth rate), the state has made progress on a few indicators during the 1990s (e.g., reduction in syphilis and infant mortality rates) and ranks well on other important public health measures, such as the percentage of children who are immunized.

PEER reviewed three MSDH regulatory programs and found deficiencies in enforcement which compromise the ability of these programs to protect the public from associated health risks. Also, PEER determined that MSDH could improve the timeliness and comprehensiveness of its data collection efforts.

409. MISSISSIPPI DEPARTMENT OF CORRECTIONS: A STUDY OF INCARCERATION COSTS, July 12, 2000, 67 pages

PEER contracted with an independent certified public accounting firm to review the Mississippi Department of Corrections' (MDOC) incarceration costs. The contractor was to identify opportunities for improving efficiency and reducing expenditures.

The contractor found \$9.6 million of estimated annual cost savings opportunities. These savings could be realized by:

- renegotiating contracts for special needs prisons on the basis of actual cost data;
- adjusting private prison contracts to the same level and quality of service offered by MDOC;
- privatizing selected MDOC units or locations or restructuring correctional officer pay scales;
- utilizing empty beds at MDOC; and,
- eliminating farming losses.

PEER recognizes that factors other than cost savings must be considered in decisions to implement cost savings and actual savings resulting from implementation of these strategies may vary accordingly.

410. SUMMARIES OF PEER REPORTS, 1973-Present, September 18, 2000, 106 pages

411. MISSISSIPPI'S EDUCATION OF THE VISUALLY AND HEARING IMPAIRED: A COMPARISON OF THE COSTS AND EFFECTIVENESS OF THE STATE'S RESIDENTIAL SCHOOLS AND THE LOCAL SCHOOL DISTRICTS, November 15, 2000, 34 pages

Because federal law requires all public school districts to provide a free and appropriate public education to hearing and visually impaired students which may, but is not required to, take place in a residential setting, and because the state's residential schools, the Mississippi Schools for the Deaf and Blind, have continued to educate students with these disabilities, the state faces a scenario of funding and operating dual service providers for hearing and visually impaired students.

PEER compared the cost and effectiveness of the Schools for the Deaf and Blind to the education of hearing and visually impaired students in the

state's local public school districts. At a FY 1999 cost of \$42,500 per student, it cost \$34,700 per year more to educate a blind and/or deaf student at the state's residential schools than in the local public school districts.

Despite the disparity of per-student cost between the residential schools and the local school districts, PEER found no conclusive evidence of greater benefits from a residential education. In comparing the two, PEER found no appreciable difference in teacher qualifications, educational requirements, educational outcomes, or extracurricular activity requirements.

412. A REVIEW OF THE MISSISSIPPI FORESTRY COMMISSION, December 6, 2000, 40 pages

The Mississippi Forestry Commission compiles information about Mississippi's forests and provides leadership in forest protection and forest management. Its primary responsibility is fire control. With over 18.5 million acres in forestland, timber is the number one agricultural crop in the state.

Generally, the Forestry Commission's management does not use information recorded and compiled at various levels within the organization to operate the agency more efficiently.

Within the Forestry Commission's Forest Protection Division, PEER found weaknesses in the method of distributing fire units and fire investigation personnel, evaluating of fire reporting methods, monitoring utilization of aircraft, and assessing insect and disease control program efficiency.

Within the commission's Forest Management Division, the lack of accurate and detailed information on program operations such as sixteenth section land management, cost share, and crew assistance inhibits the

commission's central office managers from making informed decisions on allocation of resources. In the absence of such information, the Forestry Commission can offer little assurance that current program operations are responsive to landowner needs.

413. THE DEPARTMENT OF HUMAN SERVICES' USE OF REVENUE MAXIMIZATION CONTRACTS, December 6, 2000, 35 pages

In 1995, the Mississippi Department of Human Services (MDHS) entered a contract with the Institutes for Health and Human Services, Inc. (IHHS), a private consulting firm, for the purpose of identifying additional revenues the department could claim under Title IV-E of the Social Security Act. Title IV-E provides federal financial assistance to the state for foster care, adoption assistance payments, and some administrative costs.

On August 10, 2000, the federal Office of Inspector General, Office of Audit Services, recommended disallowance of \$14.7 million in federal reimbursements resulting from MDHS's contract with IHHS for the period October 1, 1993, to June 30, 1997. On October 20, 2000, the federal Administration for Children and Families accepted these recommendations. MDHS has repaid \$3 million of this amount and is disputing the repayment of the remaining \$11.7 million.

On February 8, 2000, the State Auditor's Office issued its Single Audit Management Report of several state programs receiving federal financial assistance in FY 1999. In this audit report, the State Auditor's Office took exception to more than \$7 million in retroactive claims prepared by IHHS.

The Department of Human Services' contract with IHHS did not protect the state's interest, which would have been best served by adherence to the

elements of a model contracting system. Due to the potential for costly federal audit exceptions, PEER recommends that state agencies consider revenue maximization contracts only after careful determination of need and adherence to model public contracting and management practices.

414. THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S ADMINISTRATION OF THE 1987 FOUR LANE AND GAMING ROADS PROGRAMS, December 6, 2000, 92 pages

When the Legislature passed the Four Lane Highway Program in 1987, the original cost estimate of \$1.6 billion did not include the costs of bridges, interchanges, inflation, and rehabilitation of existing lanes. These factors—along with legislative revisions, costs from complying with federal environmental regulations, design changes to accommodate increased weight and speed limits, interest on bonds, actual annual inflation rate, and the Mississippi Department of Transportation's (MDOT's) safety initiatives—will increase costs to approximately \$5.6 billion. Construction delays have resulted from spreading the original funding stream over costs not originally considered. Also, due to program additions and changing traffic patterns, the priority of segments established in law may not represent current needs.

The Gaming Roads Program's original 1994 cost estimate of \$317 million also did not include bridges, interchanges, inflation, or consideration of environmental issues. The program is now estimated to cost \$1.6 billion. Funding comes from MDOT's portion of gaming tax revenue, capped at \$36 million annually, and bonding authority of \$325 million. After making debt service payments on bonds, the program will have approximately \$5 million annually to fund construction.

MDOT's program management system does not facilitate oversight and management of the preliminary engineering, right of way, and construction phases for highway segments or readily identify causes of inaccurate cost estimates, cost overruns, or delays. Thus, MDOT cannot provide the timely, accurate information the Legislature needs for decisionmaking.

MDOT has not made highway maintenance a high priority when making decisions regarding use of resources and plans to devote 22% of its FY 2001 maintenance budget to pavement overlay. From FY 1997 through FY 2000, MDOT expended \$94 million more in federal funds for the 1987 Program than required by law, rather than using federal funds for maintenance, as was within MDOT's discretion.

Contrary to state law, MDOT has repeatedly let construction contracts for segments of less than ten miles, thus ignoring potential economy of scale benefits of letting contracts for longer segments. Eighty-two percent of 1987 Program contracts were for segments of less than ten miles.

415. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2000 COST PER INMATE DAY, December 6, 2000, 20 pages

For Fiscal Year 2000, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$49.92, including debt service for a facility. FY 2000 costs per inmate day for individual security classifications were as follows: minimum security, \$42.90; medium security, \$45.33; and, maximum security, \$63.32. MDOC's FY 2000 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$59.81 for medium security and \$66.20 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." Thus PEER believes that private prison contracts should yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

416. THE JACKSON STATE UNIVERSITY HONORS DORMITORY: AN EVALUATION OF DESIGN, CONSTRUCTION, AND MAINTENANCE, December 27, 2000, 50 pages

The Jackson State University (JSU) Honors Dormitory was completed in 1992. By 1994, the dormitory had sustained damage caused by expanding and contracting soil conditions, necessitating a \$920,000 repair/renovation project.

PEER contracted with a registered professional engineer to evaluate the dormitory's design and construction specifications to determine, to the extent feasible, the likelihood of design deficiencies that could have contributed to a decrease in the serviceable life of the dormitory. The engineer concluded that the JSU Honors Dorm's design and construction specifications met the professional standards and practices for soil conditions at the site and that the design and construction did not contribute to excessive moisture build-up in the soil after the dormitory was built.

The groundwater problems at the JSU Honors Dorm site were due to improper operation of the dormitory's sprinkler system and lack of maintenance of the system. When presented with physical evidence of a groundwater problem, JSU did not effectively investigate or identify existing subsurface water collection problems. Also, although IHL follows a

custom and practice of delegating responsibility for maintenance to the university, IHL did not meet its responsibility to assure that the dormitory was properly maintained when JSU failed to resolve the groundwater problem.

Neither JSU nor the Department of Finance and Administration's Bureau of Building has legal recourse to recover damages for the expense of the Honors Dorm repair. JSU did not fulfill its operational and maintenance responsibilities for the dormitory's sprinkler system, and the serviceable life of the dormitory was based on proper operation and maintenance of the building's systems. If deficiencies in design or construction had existed, the six-year statute of limitations has expired for any legal action to recover damages for a deficiency in construction.

417. A REVIEW OF THE OFFICE OF THE SECRETARY OF STATE, April 10, 2001, 60 pages

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 primary service functions of 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.

418. A REVIEW OF THE AGRICULTURAL AVIATION BOARD, May 8, 2001, 36 pages

PEER reviewed the Agricultural Aviation Board to determine whether it protects the public from the safety, health, environmental, and economic risks posed by the industry. The agency is deficient in the following areas:

- Because the board's written examinations for pilots and applicators do not fully comply with professional testing standards, the board cannot ensure that it is licensing individuals who can provide competent aerial commercial agricultural application services to the public.
- The board does not require documentation of its inspections of airplanes, equipment, or facilities used in agricultural aviation and thus cannot ensure that it conducts inspections effectively, uniformly, and consistently.
- The board does not impose penalties sufficient to deter and discipline violators. Also, the board has allowed its members to participate in penalty decisions involving their own companies.

In addition to the Agricultural Aviation Board, several other state and federal agencies have responsibilities in regulating agricultural aviation in Mississippi. Because some agencies' responsibilities overlap those of others, applicators and pilots are subject to the unnecessary effort and costs of duplicate pilot examinations and inspections. Also, the division of responsibility between the Agricultural Aviation Board and the Bureau of Plant Industry based on the type of product applied (hormonal versus non-hormonal) creates confusion regarding enforcement authority. The duties and responsibilities of the Agricultural Aviation Board could be carried out by the Bureau of Plant Industry, which would eliminate the duplication between the two agencies and place responsibility in an agency with a more structured approach to regulation.

419. COST ANALYSIS OF HOUSING STATE INMATES IN REGIONAL AND PRIVATE CORRECTIONAL FACILITIES, July 10, 2001, 36 pages

Senate Bill 3123, Regular Session, 2001, mandated that the PEER Committee conduct a cost analysis of the necessary per diem, per inmate cost associated with housing state inmates at the state's ten regional correctional facilities and two of the state's five private correctional facilities. SB 3123 provided daily census guarantees that were to continue until the PEER Committee could determine whether a lower census would enable these facilities to meet necessary costs resulting from housing state inmates.

For the period reviewed, PEER found \$696,364 in unnecessary costs at the regional facilities. With these unnecessary costs removed, all regional facilities open as of October 1, 2000, will break even at an average daily census of 188 state inmates, below the 230 state inmates provided for in SB 3123 and thereby making the guaranteed censuses inoperative. With

these unnecessary costs removed, the average per diem rate for the operational costs of housing state inmates is \$18.69. (The state's share of debt service costs must be added to this figure to determine the total per diem rate.)

For the period reviewed, PEER found no unnecessary costs at the two private facilities reviewed. The breakeven point for the Delta Correctional Facility is 843 inmates and 871 inmates for the Marshall County Correctional Facility. Both facilities break even at levels below the 900 inmates provided for in SB 3123, thereby making the guaranteed censuses inoperative. PEER notes that these are for-profit facilities and that the computed breakeven points include no profit margin. The amount of profit allowed is a policy question beyond the scope of the review.

420. A MANAGEMENT REVIEW OF THE MISSISSIPPI GAMING COMMISSION, July 10, 2001, 87 pages

When PEER first reviewed the Mississippi Gaming Commission (MGC) in 1996, the agency had begun licensing gaming establishments before its regulatory infrastructure was fully in place to address the economic, criminal, social, and other risks of legalized gambling. MGC has since improved in some areas, such as increasing its efficiency in conducting criminal background checks of casino employees. However, five years after PEER's initial review, MGC still does not have all of the components in place to protect the public effectively from the risks of legalized gambling.

The agency still issues work permits to employees before completing background checks and does not conduct thorough financial investigations of corporations applying to provide services in the gaming industry. Although MGC has established a routine compliance review

program to determine whether casinos comply with internal control standards for safeguarding revenues, due to delays in implementation MGC has not yet conducted full compliance reviews of 12 of the state's 30 casinos.

The Enforcement Division has not developed a casino inspection program that specifies a checklist of steps that enforcement agents should routinely take to ensure that games are conducted in accordance with state law and MGC regulations. Also, MGC's enforcement agent training program does not ensure that agents have the necessary knowledge and skills.

Concerning oversight and control of electronic gaming devices, MGC does not thoroughly document the steps that it takes to approve electronic gaming devices and their modifications. Thus PEER could not verify whether the approval process is adequate to ensure that the devices comply with legal requirements (e.g., eighty percent minimum payout). Also, MGC does not test an adequate sample of proposed device modifications or provide adequate oversight through statistical analysis and machine verification checks.

MGC should establish criteria for each of its functional tasks through means such as analytical plans, checklists, audit steps, and a training manual; the agency should document its work to help ensure thoroughness and consistency through maintaining workpapers, inventories, and databases; and it should implement and comply with existing standards and mandates (e.g., federal regulations, state law, and its own policies and procedures).

421. SUMMARIES OF PEER REPORTS 1973-PRESENT, August 31, 2001, 111 pages

422. A REVIEW OF THE BROOKHAVEN JUVENILE REHABILITATION FACILITY, September 11, 2001, 52 pages

PEER reviewed the management and operation of the Brookhaven Juvenile Rehabilitation Facility's start-up and operational costs and whether the facility's programs are meeting the needs of the intended client population: mentally retarded juvenile offenders ordered by Youth Court to enter the facility.

The Brookhaven Juvenile Rehabilitation Facility (BJRF), which began accepting clients in July 1999, was designed, constructed, and equipped appropriately to provide a "secure and therapeutic environment" for its special needs clients. However, the Department of Mental Health exceeded its statutory construction authorization of \$5.5 million when building BJRF. A warehouse and director's residence not in the original plan added \$1 million to construction costs, for a total of \$9.2 million.

Admission practices at BJRF are not in keeping with statutory requirements, since thirty percent of the clients are transferred to this specialized facility from other Department of Mental Health facilities without a Youth Court order. This reduces the number of beds available for the special needs juveniles for whom the facility was created. Moreover, BJRF has not yet admitted any females, thereby denying this resource to a significant portion of eligible juvenile offenders.

The Department of Mental Health has, in effect, discouraged treatment of violent offenders at BJRF. Although the staff was not completely prepared to deal with aggressive behavior of clients during the first two years of operation, current staff and staff training are adequate for the current clients. Security is adequate, but needs re-thinking for the intended clientele. Program implementation problems center on a failure to carry out the

positive reinforcement behavior modification treatments in a uniform manner and disagreements over the proper role and form of discipline in client behavior change.

423. A REVIEW OF THE VETERANS AFFAIRS BOARD'S FUNDING OF STATE VETERANS' HOMES, September 11, 2001, 36 pages

The Legislature established the state veterans' homes, operated by the State Veterans Affairs Board (VAB), to be self-supporting. When VAB sought authority for creation of the four veterans' homes, VAB told the Legislature that, aside from one-time state general fund appropriations necessary to start up each of the homes, the homes' operations costs would be funded entirely through non-state sources (e.g., federal funds and resident charges). However, VAB's reliance on state general funds for the homes increased to \$2.8 million in FY 2001 and VAB continues to increase its requests for state funds. However, VAB has not fully implemented recommendations PEER made in May 2000 to maximize efficiency in operation of the homes and to maximize non-state revenues funding the homes.

VAB has followed some of PEER's May 2000 recommendations, including terminating payments for resident hospital costs (which could have led to significant costs in the event of catastrophic illness of an uninsured resident). However, VAB has not followed other recommendations, because it continues to employ non-nursing staff at a rate greater than that for comparably sized nursing homes in the state and it also continues to pay the nursing home management company for nursing hours not received.

During the 2000 Regular Session, the Legislature amended state law to allow the Veterans Affairs Board to be solely responsible for the operation and

maintenance of the state veterans' home located in Collins, Mississippi, beginning July 1, 2000. The law stated that VAB's mission in managing the Collins facility is to provide care for veterans "in the most cost efficient manner." However, a nine percent increase in costs per resident day for the Collins home during FY 2001 indicates that VAB did not fulfill its goal to operate the home more efficiently than did the private management company.

424. A REVIEW OF THE COMMERCIAL MOBILE RADIO SERVICES BOARD, October 9, 2001, 48 pages

In 1998, the Legislature created the Commercial Mobile Radio Services (CMRS) Board to oversee the collection and distribution of a monthly \$1 surcharge on every Mississippi wireless telephone user's bill. The surcharge was intended under state law to provide emergency telephone service to comply with a Federal Communications Commission order requiring phased-in access to Enhanced 911 (E911) for users of wireless telephones. E911 systems provide a caller's telephone number and location to emergency dispatchers.

In FY 2001, the CMRS Board collected \$8.8 million in surcharge funds. By statute, seventy percent of the funds collected by the board goes to county emergency communications districts to provide E911 equipment, facilities, and staff. Approximately twenty-eight percent is allocated to reimburse wireless providers' costs of providing E911 equipment and service.

Because the CMRS Board lacks express statutory authority to audit wireless providers, oversee county emergency communication district spending, and effectively coordinate provider implementation, the board does not have the tools necessary to implement an effective wireless E911 system in Mississippi. The CMRS Board cannot verify and enforce accurate collections from providers and

payments to the emergency communication districts. The lack of spending guidelines allows the possibility that districts may spend money for purposes unrelated to delivery of wireless E911 service. Also, the board lacks data on provider status and district capability in delivering wireless E911 service.

425. STATE AGENCIES' USE OF CELLULAR TELEPHONES, November 13, 2001, 34 pages

PEER surveyed state agencies regarding their procurement and use of cellular telephones. State agency respondents reported a total of 3,441 cell phones with active calling plans. These agencies reported spending approximately \$2 million per year during each of the last two fiscal years on cell phone equipment and use.

Individual agencies make their own decisions on equipment and calling plans and have a broad range of choices when making these decisions. The state's interest in efficient and prudent use of cell phones is protected only insofar as each agency shows diligence and concern for protecting that interest. No state-level controls or policies specifically outline standards of need or appropriate use of state-owned cell phones.

Cellular telephones, pagers, two-way radios, and other emerging forms of wireless communication are resources that agencies should manage proactively. PEER recommends that the Department of Information Technology Services establish general policies for agencies to assess need prior to establishing service for cell phones or other forms of wireless communication. Agencies should balance their needs against what is available through the marketplace and make informed choices on this use of state funds.

PEER also recommends that the Department of Information Technology

Services develop a single or limited number of contracts in an attempt to reduce service plan costs, considering whether it is appropriate to establish a state contract rate or procure plans on the basis of bids. The department should also develop a use policy for agencies for all forms of wireless communication that, at a minimum, restricts personal use to emergencies and requires a telephone log for personnel not directly involved in providing public health or safety services.

426. A REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM'S DISABILITY DETERMINATION PROCESS, November 15, 2001, 71 pages

The Public Employees' Retirement System (PERS) serves over 150,000 state and local government employees in Mississippi. PERS provides regular service benefits and disability benefits to qualified applicants. State law provides three mechanisms by which PERS may make initial disability determinations: through a medical board, through the Social Security Administration (SSA), or through contracting with another governmental or non-governmental entity to make determinations. The PERS Board currently requires that a medical board appointed by the PERS Board make all PERS disability determinations.

PEER compared PERS's and SSA's disability determination processes to determine whether it would be advisable for the state to rely on the SSA's process as the sole and final determinant of disability for PERS members or whether PERS should continue to make its own disability determinations.

Because both PERS's and SSA's processes have weaknesses, neither option emerges as clearly superior. However, by leaving the determination process at PERS, the Legislature could mandate and oversee implementation of

improvements to the process, which it could not do with SSA. Also, moving the process to SSA would require adopting SSA's definition of disability, a tougher standard than the current definition of disability contained in state law. PEER outlines the steps that should be taken under each option to increase the objectivity, fairness, and consistency of the disability determination process.

427. COST OF ISSUANCE EXPENSES OF CY 2000 LOCAL AND STATE BOND ISSUES, November 13, 2001, 257 pages

This report is primarily designed to be a source of information for legislators regarding issuance costs of local and state bonds. PEER surveyed local entities and obtained information from the Department of Finance and Administration's Bond Advisory Division's Annual Report in order to determine costs associated with the issuance of Calendar Year (CY) 2000 local and state bonds. According to the self-reported and unaudited data obtained from these sources, local and state entities spent a total of \$15.1 million to issue \$2.8 billion in bonds during CY 2000 (\$5.40 per \$1,000 of bonds issued). The issuance costs per \$1,000 of bonds issued ranged from \$3.32 to \$116.44 for local issues and from \$0.17 to \$40.12 for state issues.

The report also includes a brief discussion of possible methods of controlling bond issuance costs, including establishment and enforcement of caps on costs, oversight of costs of professional advisory services, and establishment of bond banks and a central agency for overseeing local debt issuance.

428. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2001 COST PER INMATE DAY, December 12, 2001, 22 pages

For Fiscal Year 2001, the Department of Corrections' general cost

per inmate day (for all security levels combined) in a 1,000-bed facility was \$45.91, including debt service for a facility. FY 2001 costs per inmate day for individual security classifications were as follows: minimum security, \$38.71; medium security, \$42.93; and maximum security, \$66.62. MDOC's FY 2001 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$55.00 for medium security and \$70.10 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When the Department of Corrections negotiates an annual per inmate per diem for contract payments to private prisons, the department should subtract from the certified state cost per inmate day the costs borne solely by the state (i.e., debt service; records, inmate classification, and offender services; and parole board costs) and negotiators should give due consideration to reducing other costs (i.e., medical, administrative services, and education and training). PEER believes that private prison contracts could yield savings significantly above the ten percent required by state law. The report includes a schedule of considerations for private prison contract negotiations.

429. THE BUREAU OF BUILDING'S MANAGEMENT OF CONSTRUCTION CHANGE ORDERS, May 14, 2002, 40 pages

The Department of Finance and Administration's Bureau of Building, Grounds, and Real Property Management is responsible for the construction, repair, and renovation of most state buildings. PEER reviewed the bureau's selection of the architectural and engineering contract professionals who assist in construction project management. PEER also reviewed the bureau's management of project change

orders, which are the legal agreements to alter the work set forth in original construction contracts.

Because the bureau usually compensates the general contractor for change orders without a competitive bidding process, the bureau should scrutinize change orders and ensure that they protect the state's interest. However, the bureau's oversight of change orders is incomplete, inconsistent, and fails to assure that cost changes to building construction projects are reasonable. PEER found that the bureau:

- does not ensure consistent use of pre-determined selection criteria in selecting contract professionals nor does it ensure documentation of the basis of contract awards;
- does not contractually require its contract professionals to analyze the reasonableness of change order costs;
- has not developed an internal oversight process for analyzing the costs of change orders presented by contract professionals; and,
- has not developed an information system for managing change order and contract evaluation data for future decisionmaking.

430. A REVIEW OF COUNTY INFORMATION SYSTEMS, June 4, 2002, 53 pages

As technology has provided the tools for easily sharing information across geographic and political boundaries, corresponding opportunities have emerged for using the information generated to meet the accountability and access needs of state and local administrators. Taking advantage of such opportunities is limited in Mississippi because current county information systems are a mixture of varying computer operating systems,

most with limited ability to meet state information needs in communication and sharing of information resources. State entities and citizens have voiced concerns over the availability and utility of information maintained by county governments.

State agency efforts to implement state/local systems have met with limited success, largely dependent on the degree to which standards were mandated and enforceable and the quality of system design. Similarly, citizen electronic access to public information maintained by the counties is limited due to availability of automated records and non-uniformity in methods of access. Currently, in order to obtain public information, a citizen or state user would have to travel to each county courthouse and try to make sense of a computer system that houses the information, or manually look up information in books.

Pressing needs exist to develop additional state-local systems to provide timely, accurate, and accessible information, which meet minimal communication/processing standards. County and state cooperation is needed to realize economies of scale in developing statewide information and telecommunications systems.

To govern such development, the Legislature should create a Statewide Task Force to be responsible for assessing needs, developing policy and standards for development, formulating funding strategies and providing advice to the Mississippi Department of Information Technology Services (ITS). ITS should be responsible for the central oversight and coordination to guide development of systems to assure user-friendly accessibility, accuracy, and utility of the information captured, and to improve the economy of local system development and implementation by developing and hosting shared information resources.

431. A REVIEW OF ADMINISTRATIVE EXPENDITURES AND SELECTED ADMINISTRATIVE FUNCTIONS OF MISSISSIPPI'S DIVISION OF MEDICAID, June 24, 2002, 95 pages

Mississippi's Medicaid program, as administered by the Office of the Governor Division of Medicaid (DOM), provides a broad range of health related services to low-income individuals who fall into certain categories (primarily elderly, blind, disabled, pregnant women, and children). In FY 2001, 650,000 Mississippians were enrolled in the state's Medicaid program at a general fund cost of \$221 million (6% of the state's total general fund expenditures of \$3.5 billion).

In FY 2002, Mississippi's Medicaid program began experiencing budget problems, affected by increases in both health care costs and enrollment. DOM projects an unprecedented growth rate in expenditures of 25% in FY 2002. The Division also projects a FY 2003 general fund shortfall of \$120 million, even after DOM implements legislatively mandated cost saving measures enacted earlier this year that DOM asserts will save \$54.8 million in general funds.

PEER's review of DOM administrative expenditures and selected administrative functions identified an additional \$86.7 million in potential general fund savings which could further reduce DOM's projected FY 2003 general fund shortfall. The largest component of the potential cost savings, \$73 million, results from using DOM's statistically projected FY 2003 expenditure growth rate of 9.7% rather than the Division's revised and inflated FY 2003 growth rate of 22.5%.

The second largest component of the potential cost savings, \$7.7 million, results from savings related to contractual services. PEER determined that DOM does not consistently follow the elements of effective contracting, resulting in higher than necessary costs for services and possible compromises

to service quality. These deficiencies resulted in DOM contracting for services that can be performed more efficiently in-house; paying significantly more than other states for the same services; and contracting for a service that was already being performed by other entities.

PEER also determined that the Medicaid eligibility determination process followed by DOM and the Department of Human Services is inadequate. PEER staff estimates that DOM could save \$6 million in general funds for every 1% reduction in the number of ineligible Medicaid recipients on the rolls.

432. HEALTH AND SAFETY ISSUES AT THE OAKLEY AND COLUMBIA YOUTH TRAINING SCHOOLS, May 14, 2002, 36 pages

The PEER Committee reviewed complaints related to health and safety issues at the Oakley and Columbia Youth Training Schools operated by the Division of Youth Services (DYS) of the Mississippi Department of Human Services (DHS). There were nine complaints involving four broad areas in the administration of services: access to medical care, medical supervision, special medical needs, and preventing abuse of juveniles. In these areas, actual practices at the Columbia and Oakley juvenile facilities promote health and safety. However, uniformity of program operations suffers due to the absence of formal policies and procedures to govern critical components of care.

PEER found that although the training schools have qualified health professionals available (medical, dental, mental health), the facilities are not meeting health requirements and/or minimum standards in the areas of medical staff shift coverage and dental services. The facilities also lack policies and procedures governing medical authority to ensure proper medical supervision of youth detained in the

facilities. Because the facilities have not formally designated their physicians as the medical authority, it is possible for a juvenile's health needs to go unaddressed. Qualified health-trained professionals address special needs of training school youth at both facilities; however, lack of coordination and supervision of treatment plans allow mainly dental and drug treatment needs to go unmet.

Other policy areas such as those prohibiting sexual abuse, harassment, or contact are generally effective in preventing sexual misconduct. However, the practices of low staffing in student residences and no pre-service orientation on treatment topics put both students and staff at risk for misconduct.

Despite these specific shortcomings, staff and administrators have taken numerous measures to ensure the health and safety of students. The training schools have a major disconnect between policies and practice. However, there are many more cases of no written policy but actual practice approaching or realizing the performance standards than there are of written policy but no practice, or of the institutions having neither policy nor practice.

433. A SURVEY OF MISSISSIPPI ADEQUATE EDUCATION PROGRAM REVENUES AND SELECTED EXPENDITURES, June 4, 2002, 28 pages

For FYs 1998-02, the Mississippi Legislature established a five-year interim phase-in of the Mississippi Adequate Education Program (MAEP) in order to address local educational funding inequities among the state's public school districts. The program's purpose was to ensure that every school district, regardless of geographic location, would have sufficient funding to provide every student with a minimum adequate education, as defined by the Mississippi Department of Education (MDE). Beginning July 1, 2002, MAEP and its block grant funding

approach will replace the state's Minimum Foundation Program, which has been the state's major funding program for public education since the early 1950s.

PEER determined that the state provided approximately \$314.5 million to the public school districts for MAEP capital improvements, technology, instructional needs, and program managers during FYs 1998-02. In a PEER survey, the school districts reported spending at least \$45.6 million in MAEP funds on 263 firms or individuals providing professional or technical services in 31 service categories from July 1, 1997, through October 31, 2001. Some of these MAEP service providers received approximately \$21.2 million in additional public education funds for services provided to other district programs during this same period.

PEER could not determine school district compliance with their MDE-approved MAEP plans because the financial accounting system allowed some MAEP funds to be co-mingled with other school district funds and did not record MAEP expenditures with a statutory spending authority code. As a result, no annual financial management report could be produced to summarize MAEP receipts and expenditures for program performance management or auditing.

Without commenting on the wisdom of a public policy that allows local districts to carry over state funds, such a policy raises serious questions regarding whether or not the Mississippi Board of Education could authorize a local school board to carry over MAEP funds from FY 2002 to FY 2003 since the interim phase of MAEP terminates, effective July 1, 2002.

434. A REVIEW OF THE MISSISSIPPI COMMISSION ON JUDICIAL PERFORMANCE, June 4, 2002, 28 pages

The Mississippi Commission on Judicial Performance is responsible for investigating complaints about a judge's conduct; determining whether a judge has committed misconduct or is disabled; assisting judges who have committed minor ethical violations to change their behavior; imposing or recommending discipline, if appropriate, against a judge who violates ethical standards; and, when necessary, securing the removal of a judge from office.

Despite the absence of comprehensive policies and procedures, the Commission's process for collecting and evaluating evidence provides an equitable and unbiased method of regulating judicial conduct.

The processes for complaint intake and assessment offer open access to file a complaint and opportunity for the complaint's merits to be reviewed. The Commission's judicial process assures that it uses established, unbiased guidelines. Also, facts requiring action of the Commission are established through procedures for gathering clear and convincing evidence. The Commission also has defined guidelines in place for rendering informal commission actions and private admonishments for less serious misconduct violations.

PEER observed minor weaknesses in the Commission's investigative process concerning the absence of a comprehensive set of formal policies and procedures and methods of record keeping. However, the identified weaknesses do not threaten the integrity of decisionmaking or the Commission's ability to perform its regulatory duties. PEER also found minor weaknesses in the Commission's ability to perform its support functions because of the absence of policies and

procedures to govern activities within its administrative process.

Appendix A

PEER's Enabling Legislation: MISS. CODE ANN. Section 5-3-51 through 5-3-71 (1972)

JOINT LEGISLATIVE COMMITTEE ON PERFORMANCE EVALUATION AND EXPENDITURE REVIEW

SEC.

- 5-3-51. Creation of committee; general purpose.
- 5-3-53. Definitions.
- 5-3-55. Membership and organization of committee.
- 5-3-57. Powers of committee.
- 5-3-59. Subpoena and examination of witnesses.
- 5-3-61. Issuance of performance evaluation and expenditure review reports.
- 5-3-63. Recording testimony under oath.
- 5-3-65. Legal assistance; other employees.
- 5-3-67. Compensation and expenses.
- 5-3-69. Quorum; meetings.
- 5-3-71. Committee to evaluate executive branch of state government; reports.

§ 5-3-51. Creation of committee; general purpose.

A committee of the senate and house of representatives to be known as a joint legislative committee on performance evaluation and expenditure review, (hereinafter committee), is hereby created for the purpose of conducting performance evaluations, investigations and examinations of expenditures and all records, relating thereto, of any agency at any time as the committee deems necessary. Provided further the committee shall perform a complete audit of all funds expended by the highway department. The committee shall submit its findings, conclusions and reports to the Mississippi legislature no later than the first day of the second full week of each regular session of the legislature.

SOURCES: Laws, 1973, ch. 331, § 1, eff from and after passage (approved March 19, 1973).

Cross references—

Constitutional provision authorizing legislative investigations, see Miss Const § 60.

Research and Practice References—

72 Am Jur 2d, States, Territories, and Dependencies §§ 35 et seq.
81A CJS, States § 55.

§ 5-3-53. Definitions.

For purposes of sections 5-3-51 to 5-3-69, the following words and phrases have the following meanings unless the context otherwise requires:

- (a) "Performance evaluation" shall mean an examination of the effectiveness of the administration, its sufficiency and its adequacy in terms of the programs of the agency authorized by law to be performed. Such examinations shall include, but not be limited to:
 - (1) How effectively the programs are administered.
 - (2) Benefits of each program in relation to the expenditures.
 - (3) Goals of programs.
 - (4) Development of indicators by which the success or failure of a program may be gauged.
 - (5) Review conformity of programs with legislative intent.
 - (6) Assist interim committee dealing with specific programs.
 - (7) Impact of federal grant-in-aid programs on agency programs.
- (b) "Agency" shall mean an agency, department, bureau, division, authority, commission, office or institution, educational or otherwise, of the State of Mississippi, or any political subdivision thereof

which shall include all county governments and agencies thereof, all city governments and agencies thereof, and all public school districts and agencies thereof.

- (c) "Expenditure review" shall mean an examination made at some point after the completion of a transaction or group of transactions.

SOURCES: Laws, 1973, ch. 331, § 2, eff from and after passage (approved March 19, 1973).

§ 5-3-55. Membership and organization of committee.

The committee shall be composed of five (5) members from the senate and five (5) members from the house of representatives, one (1) from each of the congressional districts of the State of Mississippi, to be appointed by the lieutenant governor and the speaker of the house of representatives for a term concurrent with their term in their respective house. For the remainder of the present term, the lieutenant governor and speaker shall make their respective appointments within fifteen (15) days after sine die adjournment of the 1973 Regular Session; and for each full four (4) year term thereafter, the lieutenant governor and speaker shall make their appointments within fifteen (15) days after the first calendar day of the regular session in the first year of such four (4) year term. No member of the committee shall serve as a member of the commission of budget and accounting, the state building commission, the Mississippi Classification Commission or any other state governmental board or commission. The term of each member shall be concurrent with his term of office.

The committee shall meet no later than ten (10) days after the final day of the 1973 Legislature for the purpose of organizing by electing from the membership a chairman, vice-chairman and secretary.

SOURCES: Laws, 1973, ch. 331, § 3, eff from and after passage (approved March 19, 1973).

Editor's Note—

Section 31-11-1 provides that wherever the term "state building commission" or "building commission" appears in the laws of the state of Mississippi, it shall be construed to mean the governor's office of general services. Section 7-1-451, however, provides that wherever the term "Office of General Services" appears in any law the same shall mean the Department of Finance and Administration.

§ 5-3-57. Powers of committee.

The committee shall have the following powers:

- (a) To conduct, in any manner and at any time deemed appropriate, a performance evaluation of all agencies. It may examine or investigate the budget, files, financial statements, records, documents or other papers of the agency deemed necessary by the committee.
- (b) To conduct, in any manner and at any time deemed appropriate, a review of the budget, files, financial statements, records, documents or other papers, as deemed necessary by the committee, of any agency; to make selected review of any funds expended and programs previously projected by such agency; to investigate any and all salaries, fees, obligations, loans, contracts, or other agreements or other fiscal function or activity of any official or employee

thereof (including independent contractors where necessary); and to do any and all things necessary and incidental to the purposes specifically set forth in this section.

- (c) To conduct an investigation of all agencies which are in whole or in part operated or supported by any appropriation or grant of state funds, or which are in whole or in part supported or operated by any funds derived from any state-wide tax, license fee, or permit fee or which collects or administers any state-wide tax, license fee, or permit fee by whatever name called; such committee shall also have full and complete authority to investigate all laws administered and enforced by any such offices, departments, agencies, institutions and instrumentalities, and the manner and method of the administration and enforcement of such laws; to investigate any evasion of any state-wide tax, privilege fee or license fee; to investigate all disbursements of public funds by any office, agency, department, institution or instrumentality specified herein; to study the present laws relative to such agencies, offices, departments, institutions and instrumentalities, and the laws providing for the levying or imposition and collection of any state tax, privilege fee or license fee; to make recommendations to the legislature as to the correction of any imperfections, inequalities or injustices found to exist in any of such laws, and to do any and all things necessary and incidental to the purposes herein specifically set forth. Provided further that the committee shall upon petition by one-half the elected membership of either the Senate or House of Representatives perform a complete investigation and audit of any agency, entity or group subject to investigation or audit by passage of sections 5-3-51 to 5-3-69.
- (d) The committee, in its discretion, if it determines that such action is necessary to carry out the responsibilities of sections 5-3-51 to 5-3-69, may employ an attorney or attorneys to file or assist the attorney general's office in filing actions for the recovery of any funds discovered to have been misused or misappropriated and to prosecute or assist in prosecution of criminal violations, if any, revealed or discovered in the discharging of their duties and responsibilities.

SOURCES: Laws, 1973, ch. 331, § 4, eff from and after passage (approved March 19, 1973).

§ 5-3-59. Subpoena and examination of witnesses.

The committee, while in the discharge of official duties, shall have the following additional powers:

- (a) To subpoena and examine witnesses; to require the appearance of any person and the production of any paper or document; to order the appearance of any person for the purpose of producing any paper or document; and to issue all process necessary to compel such appearance or production. When such process has been

served, the committee may compel obedience thereto by the attachment of the person, papers or records subpoenaed; and if any person shall wilfully refuse to appear before such committee or to produce any paper or record in obedience to any process issued by the committee and served on that person, he shall be guilty of contempt of the legislature and shall be prosecuted and punished as provided by law.

- (b) To administer oaths to witnesses appearing before the committee when, by a majority vote, the committee deems the administration of an oath necessary and advisable as provided by law.
- (c) To determine that a witness has perjured himself by testifying falsely before the committee, and to institute penal proceedings as provided by law.

SOURCES: Laws, 1973, ch. 331, § 5, eff from and after passage (approved March 19, 1973).

Cross references—

Wilful and corrupt swearing, see § 97-9-59.

Witness testifying in trial of crimes against legislative power, see § 99-17-31.

Annotations—

Testimony of witness as basis of civil action for damages. 54 ALR2d 1298.

§ 5-3-61. Issuance of performance evaluation and expenditure review reports.

The committee shall issue performance evaluation reports and expenditure review reports, favorable or unfavorable, of any agency examined, and such reports shall be a public record. A copy of the report, signed by the chairman of the committee, including committee recommendations, shall be submitted to the governor, to each member of the legislature, and to the official, officer, or person in charge of the agency examined.

SOURCES: Laws, 1973, ch. 331, § 6, eff from and after passage (approved March 19, 1973).

§ 5-3-63. Recording testimony under oath.

Whenever making a performance evaluation or an expenditure review, the committee may require that testimony be given under oath, which may be administered by the chairman or by any person authorized by law to administer oaths, and may require that such testimony be recorded by an official court reporter or deputy, or by some other competent person, under oath, which report, when written and certified and approved by such person as being the direct transcript of the testimony, proceedings, or documents, expenditure review or performance evaluation, shall be prima facie a correct statement of said testimony, proceedings or documents, provided that such person's signature to such certificate be duly acknowledged by him before a notary public or some judicial official of this state.

SOURCES: Laws, 1973, ch. 331, § 7, eff from and after passage (approved March 19, 1973).

§ 5-3-65. Legal assistance; other employees.

The attorney general, or a designated assistant attorney general, ap-

pointed by him, the state auditor and the director of the state department of audit shall assist the committee in whatever manner the committee deems that such officers can be helpful. Furthermore, the committee is authorized to employ one full time secretary, other stenographic help, technical experts, auditors, investigators and other employees which may be necessary to enable it to carry out the provisions therein. The committee is authorized at its discretion to fix reasonable compensation for its employees including necessary travel expenses; and it shall maintain and provide a full, complete and itemized record of all such expenditures.

SOURCES: Laws, 1973, ch. 331, § 8, eff from and after passage (approved March 19, 1973).

Editor's Note—

Section 7-7-2, as added by Laws, 1984, chapter 488, § 90, and amended by Laws, 1985, chapter 455, § 14, Laws 1986, chapter 499, § 1, provided, at subsection (2) therein, that the words "state auditor of public accounts," "state auditor", and "auditor" appearing in the laws of the state in connection with the performance of auditor's functions transferred to the state fiscal management board, shall be the state fiscal management board, and, more particularly, such words or terms shall mean the state fiscal management board whenever they appear. Thereafter, Laws, 1989, chapter 532, § 2, amended § 7-7-2 to provide that the words "State Auditor of Public Accounts," "State Auditor" and "Auditor" appearing in the laws of this state in connection with the performance of Auditor's functions shall mean the State Fiscal Officer, and, more particularly, such words or terms shall mean the State Fiscal Officer whenever they appear. Subsequently, Laws, 1989, ch. 544, § 17, effective July 1, 1989, and codified as § 27-104-6, provides that wherever the term "State Fiscal Officer" appears in any law it shall mean "Executive Director of the Department of Finance and Administration".

§ 5-3-67. Compensation and expenses.

Members of the committee shall serve without compensation, provided that they shall be entitled to per diem compensation as is authorized by Section 25-3-69 for each day occupied with the discharge of official duties as members of the committee plus the expense allowance equal to the maximum daily expense rate allowable to employees of the federal government for travel in the high rate geographical area of Jackson, Mississippi, as may be established by federal regulations, per day, including mileage as authorized by Section 25-3-41. However, no committee member shall be authorized to receive reimbursement for expenses, including mileage, or per diem compensation unless such authorization appears in the minutes of the committee and is signed by the chairman or vice-chairman. The members of the committee shall not receive per diem or expenses while the Legislature is in session. All expenses incurred by and on behalf of the committee shall be paid from a sum to be provided in equal portion from the contingency funds of the Senate and House of Representatives.

The committee staff and employees or contract organizations employed by the committee may continue at the discretion of the committee any investigations, audits or performance evaluation during the time the Legislature is in session.

SOURCES: Laws, 1973, ch. 331, § 9; 1980, ch. 560, § 3; 1988, ch. 314, § 1, eff from and after passage (approved April 6, 1988).

Cross references—

For provision authorizing uniform per diem compensation for officers and employees of state boards, commissions and agencies, see § 25-3-69.

§ 5-3-69. Quorum; meetings.

There shall be no business transacted, including adoption of rules or procedure, without the presence of a quorum of the committee, which shall be six (6) members to consist of three (3) members from the senate and three (3) members from the house of representatives, and no action shall be valid unless approved by the majority of those members present and voting, and entered upon the minutes of the committee and signed by the chairman and vice-chairman. All actions of the committee shall be approved by at least three (3) senate members and three (3) house members.

The committee shall meet at the time and place as designated by the majority vote of the members, provided that a special meeting may be called by the chairman or by a petition signed by no less than four (4) members. No action taken by the committee at any special meeting shall be valid unless each member shall have been given at least forty-eight (48) hours notice of the meeting, along with a statement of the business to be considered, and unless such action be entered upon the minutes of the committee and signed by the chairman.

SOURCES: Laws, 1973, ch. 331, § 10, eff from and after passage (approved March 19, 1973).

§ 5-3-71. Committee to evaluate executive branch of state government; reports.

(1) The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) shall evaluate the economy, efficiency and effectiveness of the executive branch of state government as it is affected by the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(2) On October 1, 1989, the Fiscal Management Board or its successor shall report to PEER the following information:

- (a) A listing of all agencies in the executive branch of state government before and after the reorganization, regardless of whether they are affected by "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]";
- (b) A description of the number, organizational location, and cost savings associated with employment positions eliminated as a direct result of the passage of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]";
- (c) A complete accounting of all projected or actual costs or savings associated with reorganization, including transition costs;
- (d) Performance measures that can be used to determine the effectiveness of each program affected by the reorganization prior to and following the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]", which may be the same as performance measures developed for purposes of preparing program budgets; and
- (e) Administrative changes or other provisions that have been made to

improve the delivery of services. Upon receipt of this report, the PEER Committee shall conduct a hearing or hearings to assist it in evaluating the initial impact of the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(3) On February 1, 1990, PEER shall report to the Legislature on the initial impact of the reorganization provided for in "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(4) On October 1, 1990, the Fiscal Management Board or its successor shall report to PEER any changes in the information presented in the report required in Subsection (2) of this section. Upon receipt of this report, the PEER Committee shall conduct a hearing or hearings to assist it in evaluating the final impact of the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(5) On February 1, 1991, PEER shall report to the Legislature the final evaluation of the economy, efficiency and effectiveness of the executive branch of state government as it is affected by the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

SOURCES: Laws, 1989, ch. 544, § 167, eff from and after July 1, 1989.

Editor's Note—

Section 27-104-1 provides that the term "Fiscal Management Board" shall mean the "Department of Finance and Administration".

Appendix B Index of PEER Reports by Subject

State agencies and departments are listed by key word.

Example: State Board of Health is listed as Health, Board of

In most cases, Mississippi has been omitted before the names of agencies and departments.

Example: Mississippi Health Care Commission is listed as Health Care Commission

-A-

Ad Valorem Tax, #135 p. 48; #215 p. 71
Addie McBryde Rehabilitation Center for the Blind, #148 p. 52
Aging, Council on, #219 p. 72
Agriculture and Commerce, Department of, #64 p. 23; #305 p. 102; #383 p. 129
Agricultural Aviation Board, #418 p. 143
Agricultural extension service, #176 p. 60
Agricultural land taxation, #255 p. 84
Air and Water Pollution Control Commission, #35 p. 13
Aircraft repair costs, #262 p. 86
Alcoholic Beverage Control Division. See Tax Commission.
Animal Health, Board of, #375 p. 126
Aquaculture and poultry science research, #244 p. 80
Architectural contracts, #303 p. 101
Archives and History, Department of, #38 p. 14; #281 p. 92
Arts Commission, #164 p. 57
Assistant Reading Instructor program, #319 p. 107
Athletic ticket distribution, #127 p. 46
Attorney General, #177 p. 61; #257 p. 85
Attorney survey, #257 p. 85
Audit Department, #144 p. 51; #198 p. 67; #207 p. 69; #218 p. 72
Auditor, State, #241 p. 79; #249 p. 82
Average daily pupil attendance, #241 p. 79
Audits, Governmental, #207 p. 69; #218 p. 72

-B-

Baptist Memorial Hospital-North, #266 p. 88
Barber Board, #106 p. 40; #378 p. 128
Benton County Early Childhood Education Center, #102 p. 39
Biloxi, City of, #228 p. 75
Bingo, #344 p. 115; #363 p. 122
Blake Clinic, #176 p. 60
Blind, School for the, #411 p. 139
Bond issuance expenses, #245 p. 81; #382 p. 129; #427 p. 147
Bridges, #8 p. 3; #55 p. 20
Brookhaven Juvenile Rehabilitation Center, #422 p. 145
Budgetary units of the state, #85 p. 32; #92 p. 35; #107 p. 40; #120 p. 44
Budgeting system, #289 p. 95
Building, Bureau of, #303 p. 101; #429 p. 148
Building Commission, #43 p. 16
Burn Center, #340 p. 114
Business Logo Sign Program, #318 p. 106

-C-

Camp Shelby, #345 p. 115; #371 p. 125
Canteen operation, #114 p. 42
Cash management procedures, #60 p. 22; #68 p. 25; #342 p. 114
Casinos, #344 p. 115; #420 p. 144
Cell phones, #425 p. 146
Central Data Processing Authority, #74 p. 27; #177 p. 61; #223 p. 74; #246 p. 81
Certified Court Reporters, Board of, #401 p. 135
Change orders, #10 p. 3

Charitable associations, #340 p. 114; #344 p. 115; #363 p. 122
Charity hospitals, #184 p. 63; #237 p. 78; #249 p. 82
Chickasawhay Natural Gas District, #201 p. 67
Child support, #356 p. 119
Children's Rehabilitation Center, #175 p. 60
Classified advertising, #326, p. 109
Coahoma Junior College, #204 p. 68
Columbia Youth Training School. See Youth Services.
Commercial Mobile Radio Services Board, #424 p. 146
Commodity Pricing Contracts, #325 p. 109
Community College Foundation, #333 p. 111
Comprehensive Employment Training Act, #82 p. 30; #108 p. 40; #132 p. 48
Compulsory automobile liability insurance, #302 p. 100
Computer systems, #397 p. 134; #430 p. 148
Conflict of interest, #311 p. 104; #351 p. 117; #359 p. 120; #360 p. 121; #365 p. 123; #368 p. 124
Construction change orders, #429 p. 148
Construction program management, #395 p. 133
Consultants, #165 p. 57; #166 p. 57, #301 p. 100; #311 p. 104; #320 p. 107; #368 p. 124
Contracts, #7 p. 3; #39 p. 14; #55 p. 20; #86 p. 32; #93 p. 35; #109 p. 41; #237 p. 78; #251 p. 83; #284 p. 94; #301 p. 100; #303 p. 101; #306 p. 102; #313 p. 104; #318 p. 106; #336 p. 112; #350 p. 117; #351 p. 117; #352 p. 117; #359 p. 120; #368 p. 124; #369 p. 124; #370 p. 125; #386 p. 130; #392 p. 132; #395 p. 133
Cooperative Extension Service, #176 p. 60
Corrections, Department of (See also Penitentiary), #331, p. 111; #309 p. 103; #315 p. 105; #314 p. 105; #346 p. 115; #367 p. 124; #390 p. 131; #400 p. 135; #402 p. 136; #409 p. 139; #415 p. 141; #419 p. 143; #428 p. 147
Corridor Program, #51 p. 19
Cost-benefit information, #28 p. 10; #70 p. 26; #73 p. 27
Cost per inmate day, #331, p. 111; #346 p. 115; #367 p. 124; #390 p. 131; #400 p. 135; #415 p. 141; #419 p. 143; #428 p. 147
Council on Aging, #93 p. 35; #173 p. 59
County expenditures, #31 p. 12; #81 p. 30
County information systems, #430 p. 148
County purchasing, #167 p. 58
County vendor licensing, #84 p. 31
Court reporter licensing, #401 p. 135

-D-

Deaf education, #32 p. 12; #71 p. 26; #125 p. 46
Deaf, School for the, #32 p. 12; #71 p. 26; #125 p. 46; #411 p. 139
Dealer license tags, #12 p. 4
Deferred compensation, #75 p. 27; #405 p. 137
Deficit spending, #260 p. 86; #269 p. 89
Delta Regional Medical Center, #340 p. 114
Dental School. See University of Mississippi, School of Dentistry.
Depository Commission, #4 p. 2
Design standards, #77 p. 28
Disability determination, #426 p. 147
District attorneys, #214 p. 71
Driver's license reinstatement fees, #199 p. 67
Drug Education Program, #50 p. 18

-E-

East Mississippi Junior College, #185 p. 63
East Mississippi State Hospital, #364 p. 122
Economic development, #178 p. 61; #189 p. 64; #238 p. 78; #264 p. 87; #339 p. 113; #344 p. 115; #355 p. 119; #369 p. 124; #372 p. 125
Economic and Community Development, Department of, #158 p. 55; #174 p. 60; #189 p. 64; #238 p. 78; #355 p. 119; #369 p. 124
Tourism, Division of, #187 p. 64; #265 p. 87
Economy and efficiency measures, #110 p. 41; #431 p. 149

Education

Assistant Reading Instructor Program, #319 p. 107
Assistive technology equipment, #385 p. 129
Blind, #411 p. 139
Deaf, #32 p. 12; #71 p. 26; #125 p. 46; #411 p. 139
Drug, #50 p. 18
Funding, #215 p. 71; #433 p. 150
General, #15 p. 5; #17 p. 6; #20 p. 7; #23 p. 8; #26 p. 10; #27 p. 10; #28 p. 10; #63 p. 23; #76 p. 28; #88 p. 33; #276 p. 91; #299 p. 99; #366 p. 123
School Attendance Officer program, #316 p. 106
Vocational-technical, #65 p. 24; #124 p. 45; #141 p. 50
Education, Department of, #15 p. 5; #20 p. 7; #28 p. 10; #65 p. 24; #124 p. 45; #141 p. 50; #215 p. 71; #276 p. 91; #319 p. 107; #316 p. 106; #359 p. 120; #360 p. 121; #362 p. 121; #385 p. 129; #433 p. 150
Junior College Division, #23 p. 8; #88 p. 33; #98 p. 38
Educational television, #293 p. 97; #300 p. 100
Eight-hour work day, #3 p. 1
Election Commissioners, Board of, #288 p. 95
Electric Power Associations, #133 p. 48; #194 p. 66
Electronic data processing, #74 p. 27; #223 p. 74
Eleemosynary Board, #184 p. 63
Emergency Management Agency, #171 p. 59; #403 p. 136
Employees
Public school, #25 p. 9; #63 p. 23; #66 p. 24; #359 p. 120; #360 p. 121; #365 p. 123
State, #47 p. 17; #56 p. 20; #75 p. 27; #270 p. 89; #368 p. 124
Employment Security Commission, #82 p. 30; #139 p. 49; #225 p. 74; #248 p. 81; #256 p. 84
Employment testing procedures, #225 p. 74; #256 p. 84
Energy and Transportation, Division of, #265 p. 87
Engineering contracts, #284 p. 94; #303 p. 101; #392 p. 132
Environmental Quality, Department of, #353 p. 118
Equipment shop, #365 p. 123
Ethics Commission, #98 p. 38
Ethics laws, #368 p. 124
Excess cash, #2 p. 1; #4 p. 2
Expenditure reviews, #20 p. 7; #23 p. 8; #67 p. 25; #69 p. 25; #300 p. 100
Exports, #238 p. 78

-F-

Fair Commission, #150 p. 52
Family and Children's Services, Division of, #394 p. 133
Family Preservation Act, #362 p. 121
Farm and Home Board, #18 p. 6; #105 p. 40
Federal aid funds, #97 p. 37
Federal mandates, #349 p. 116
Financial management system, #149 p. 52
Fire Academy, #59 p. 22; #138 p. 49
Fiscal audits, #13 p. 4; #29 p. 11
Finance and Administration, Department of, #329 p. 110; #325, p. 109; #323 p. 108; #321 p. 108; #242 p. 80; #249 p. 82; #260 p. 86; #269 p. 89; #270 p. 89; #289 p. 95; #303 p. 101; #336 p. 112; #350 p. 117; #352 p. 117; #370 p. 125; #386 p. 130; #407 p. 138; #429 p. 148
Financial aid (student), #338 p. 113
Financial statements and fiscal controls, #289 p. 95
Firefighters Memorial Burn Center and Burn Association, #340 p. 114
Fiscal Management Board, #195 p. 66; #209 p. 70
Food service contracts, #306 p. 102
Food Stamp Program, #49 p. 18
Foreign trade, #238 p. 78
Forest Harvesting Law, #374 p. 126
Forestry Commission, #34 p. 13; #374 p. 126; #412 p. 140
Forfeited assets, #272 p. 90
Forrest County, #272 p. 90

Foundation, community college, #333, p. 111
Four-lane highway program, #304 p. 101; #414 p. 141
Friends of Mississippi Parks, #200 p. 67
Fuelman, #298 p. 99

-G-

Game and Fish Commission, #42 p. 15
Game laws, #186 p. 64
Gaming Commission, #344 p. 115; #363 p. 122; #420 p. 144
Gaming revenues, #344 p. 115; #360 p. 121
Gaming roads program, #414 p. 141
Garbage trucks, #217 p. 71
Gautier Utility District, #210 p. 70
Geological, Economic, and Topographical Survey, #36 p. 13
General Services, Office of, #167 p. 58; #222 p. 73; #237 p. 78; #239 p. 79; #254 p. 84; #281 p. 92
Golden Triangle Regional Medical Center, #137 p. 49; #287 p. 95
Golden Triangle Vocational-Technical Center, #185 p. 63
Government consolidation, #267 p. 88
Government Employees' Deferred Compensation Plan, #405 p. 137
Government reorganization, #229 p. 75; #258 p. 85
Governor's Mansion, #281 p. 92
Governor's Office of Job Development and Training, #108 p. 40; #118 p. 43; #132 p. 48
Governor's Private Sector Services, Inc., #82 p. 30
Grand Gulf Plant, #131 p. 47; #165 p. 57

-H-

Hazardous wastes, #98 p. 38
Health and safety issues, #432 p. 150
Health Care Commission, #98 p. 38
Health insurance, #270 p. 89
Health insurance, state and public school employees, #323 p. 108; #336 p. 112; #350 p. 117; #352 p. 117; #370 p. 125; #386 p. 130
Health insurance risk pool, #321 p. 108
Health insurance utilization review, #242 p. 80
Health, Board of, #7 p. 3; #33 p. 12; #39 p. 14; #175 p. 60; #250 p. 82
Health, Department of, #7 p. 3; #202 p. 68; #225 p. 74; #254 p. 84; #256 p. 84; #268 p. 88; #271 p. 89; #327 p. 109; #408 p. 138
Health Department, Informed Consent Administration, #327 p. 109
Healthmarc, #242 p. 80
Highway Commission, #58 p. 21
Highway Department (see also Transportation, Department of), #6 p. 2; #8 p. 3; #10 p. 3; #13 p. 4; #21 p. 8; #51 p. 19; #55 p. 20; #56 p. 20; #58 p. 21; #72 p. 26; #77 p. 28; #80 p. 30; #87 p. 33; #89 p. 34; #103 p. 39; #119 p. 44; #147 p. 52; #180 p. 62; #233 p. 77
Right-of-Way Division, #21 p. 8; #188 p. 64; #317 p. 106; #388 p. 130; #393 p. 132
State Aid Road Division, #80 p. 30; #89 p. 34
Systems and Procedures Division, #103 p. 39
Hinds County, #266 p. 88
Hinds County Youth Court and Detention Center, #240 p. 79
Home Corporation, #311 p. 104; #351 p. 117; #384 p. 129
Home health agencies, #271 p. 89
Home Ties Program, #362 p. 121
Hospital privatization, #266 p. 88
Hospital purchasing, #232 p. 76
Hospitals, community, #137 p. 49
Hospitals, state, #37 p. 14; #184 p. 63; #364 p. 122
Housing Finance Corporation, #193 p. 65
Hudspeth Retardation Center, #221 p. 73
Human Resources Development, Inc., #40 p. 15
Human Services, Department of, #330, p. 110; #240 p. 79; #251 p. 83; #279 p. 92; #282 p. 93; #356 p. 119; #357 p. 120; #362 p. 121; #394 p. 133; #413 p. 140; #432 p. 150
Human Services, Project L.E.A.P., #330, p. 110

-I-

Incarceration costs, #409 p. 139

Income

Per capita, #44 p. 16

Personal, #25 p. 9; #44 p. 16; #47 p. 17; #66 p. 24; #75 p. 27

Independence Coal-Fueled Plant, #131 p. 47

Indicators, state agency, #85 p. 32; #92 p. 35; #107 p. 40; #120 p. 44; #129 p. 47

Indigent health care, #184 p. 63

Information Technology Services, Department of, #397 p. 134; #425 p. 146; #430 p. 148

Informed Consent Laws, #327, p. 109

Institute for Technology Development, #178 p. 61; #264 p. 87

Institutions of Higher Learning, Board of Trustees of, #26 p. 10; #127 p. 46; #130 p. 47; #151 p.

53; #168 p. 58; #179 p. 62; #183 p. 63; #206 p. 69; #252 p. 83; #294 p. 97; #338 p. 113; #342 p. 114; #416 p. 142

Insurance, #99 p. 38; #213 p. 71; #221 p. 73; #222 p. 73; #242 p. 80; #243 p. 80; #283 p. 93; #302 p. 100; #336 p. 112; #350 p. 117; #352 p. 117; #370 p. 125; #398 p. 134

Insurance, Department of, #213 p. 71; #398 p. 134

Interlibrary Loan Project, #376 p. 127

Internal controls, #402 p. 136

Interstate 20, #87 p. 33

Inverness Nutrition Center, #173 p. 59

Investment of excess cash, #2 p. 1; #4 p. 2

Investment procedures, #96 p. 37; #143 p. 50

-J-

Jackson, City of, #40 p. 15

Jackson County, #217 p. 71; #399 p. 135

Jackson State University, #278 p. 91; #416 p. 142

Judicial Performance, Commission on, #434 p. 151

Junior colleges (and community colleges), #23 p. 8; #88 p. 33; #98 p. 38; #185 p. 63; #204 p. 68; #306 p. 102; #333 p. 111

-K-

Kemper County bridge, #233 p. 77

-L-

L.E.A.P. Project, # 330 p. 110

Land Commission, #30 p. 11

Landscape gardener licensure exam, #383 p. 129

Lafayette County, #266 p. 88

Lauderdale County, #267 p. 88

Law Enforcement Officer Training Academy, #406 p. 138

Legal assistants, #214 p. 71

Library Commission, #376 p. 127

Legislative Audit Committee operations, #24 p. 9

Lieu Land Commission, #116 p. 43

Liquidated damages, #10 p. 3; #72 p. 26

Litton Industrial Facilities, #6 p. 2

Local bond issues, #245 p. 81

Local government funding and services, #267 p. 88

Long-term care, #250 p. 82

Louisiana World Exposition 1984 (Mississippi Pavilion), #158 p. 55

Lowndes County Board of Supervisors, #287 p. 95

-M-

Magnolia State Enterprises, #309 p. 103

Magnolia Venture Capital Corporation, #355 p. 119

Malmaison Wildlife Management Area, #95 p. 37

Mansion Trust, #281 p. 92

Mantachie Natural Gas District, #334 p. 112

Marine Resources Council, #46 p. 17
 Marine Resources Department, #322 p. 108; #380 p. 128; #389 p. 131
 Marion, Town of, #267 p. 88
 Medicaid Program, #75 p. 27; #83 p. 31; #153 p. 53; #354 p. 118; #431 p. 149
 Medical Examiner, #203 p. 68
 Medical malpractice insurance, #243 p. 80
 Memorial Stadium Commission, #117 p. 43; #183 p. 63
 Mental Health, Department of, #161 p. 56; #220 p. 72; #221 p. 73; #364 p. 122; #422 p. 145
 Mental retardation centers, #126 p. 46; #221 p. 73
 Meridian, City of, #267 p. 88
 Meridian/Lauderdale County Partnership, #339 p. 113
 Meridian Public School District, #359 p. 120
 Methodist Medical Center, #266 p. 88
 Military Department Funds, #328, p. 110; #345 p. 115; #371 p. 125
 Milk inspection program, #202 p. 68
 Mineral Lease Commission, #41 p. 15
 Minimum Foundation Program, #15 p. 5; #63 p. 23; #215 p. 71; #241 p. 79; #247 p. 81; #276 p. 91
 Mississippi Adequate Education Program, #433 p. 150
 Mississippi Home Corporation, #311 p. 104; #351 p. 117
 Mississippi Power and Light Company, #131 p. 47; #165 p. 57
 Mississippi River Bridge at Vicksburg, #8 p. 3
 Mississippi State University
 College of Veterinary Medicine, #168 p. 58
 Division of Agriculture, Forestry, and Veterinary Medicine, #244 p. 80
 Mississippi Union Catalog, #376 p. 127
 Mississippi Valley State University, #278 p. 91
 Moss Point School District, #381 p. 129
 Motor Vehicle Comptroller, #11 p. 4; #12 p. 4; #57 p. 21; #90 p. 34; #100 p. 38; #101 p. 38
 Municipal Electric Utilities, #133 p. 48; #194 p. 66

-N-

Narcotics, Bureau of, #122 p. 45; #224 p. 74; #262 p. 86; #406 p. 138
 Natural Resources, Department of, #98 p. 38; #115 p. 43; #142 p. 50; #152 p. 53; #171 p. 59; #200 p. 67
 Natural resources, state, #36 p. 13; #41 p. 15; #42 p. 15; #46 p. 17; #64 p. 23; #112 p. 42; #374 p. 126
 Nonelected boards, #312 p. 104
 Northeast Mississippi Planning and Development District, #263 p. 86; #372 p. 125
 Nursing homes, #228 p. 75; #250 p. 82

-O-

Oakley Youth Training School. See Youth Services.
 Office space leasing, #222 p. 73
 Oil and Gas Board, #171 p. 59
 Oil overcharge program, #265 p. 87
 Optometry, Board of, #377 p. 127

-P-

Parchman. See Penitentiary.
 Park Commission, #16 p. 6; #48 p. 17
 Parks, Bureau of Recreation and. See Natural Resources, Department of.
 Pascagoula River Wildlife Management Area, #112 p. 42
 Pearl River Community College, #306 p. 102
 Pearl River Valley Water Supply District, #320 p. 107; #159 p. 55; #172 p. 59; #301 p. 100; #320 p. 107
 PEER Committee operations, #24 p. 9; #113 p. 42; #123 p. 45; #134 p. 48; #146 p. 52; #157 p. 55; #170 p. 59; #182 p. 63; #196 p. 66; #211 p. 70; #261 p. 86; #277 p. 91; #292 p. 97; #310 p. 104; #323 p. 108; #361 p. 121; #379 p. 128; #396 p. 134; #410 p. 139
 Penitentiary, #1 p. 1; #9 p. 3; #22 p. 8; #52 p. 19; #91 p. 34; #114 p. 42; #204 p. 68; #235 p. 77; #260 p. 86; #296 p. 98; #309 p. 103; #314 p. 105; #315 p. 105; #331 p. 111; #346 p. 115; #390 p. 131

Performance evaluations, #15 p. 5; #16 p. 6; #18 p. 6; #20 p. 7; #21 p. 8; #23 p. 8; #29 p. 11; #30 p. 11; #32 p. 12; #33 p. 12; #34 p. 13; #35 p. 13; #36 p. 13; #37 p. 14; #38 p. 14; #41 p. 15; #42 p. 15; #43 p. 16; #45 p. 17; #46 p. 17; #48 p. 17; #54 p. 20; #57 p. 21; #67 p. 25; #74 p. 27; #78 p. 29; #105 p. 40; #106 p. 40; #122 p. 45; #125 p. 46; #128 p. 46; #148 p. 52
 Personal service contracts, #329 p. 110; #368 p. 124; #369 p. 124
 Personnel Board, #190 p. 65; #216 p. 71; #225 p. 74; #227 p. 75; #256 p. 84; #313 p. 104, #332 p. 111; #341 p. 114; #358 p. 120
 Petroleum products inspection program, #305 p. 102
 Pharmacy, Board of, #275 p. 90; #291 p. 96
 Planning and development districts, #53 p. 19; #69 p. 25; #219 p. 72; #263 p. 86; #372 p. 125
 Pollution, #35 p.13; #171 p. 59
 Pontotoc County School District, #247 p. 81
 Port at Gulfport, #174 p. 60; #231 p. 76
 Port Authority, #174 p. 60; #231 p. 76; #387 p. 130
 Portable scale operation, #11 p. 4; #163 p. 57
 Printing and publications, #156 p. 54
 Prison industries program, #309 p. 103
 Private attorneys, #257 p. 85
 Private correctional facilities, #419 p. 143
 Private vehicle mileage reimbursement, #337 p. 112
 Privatization, #266 p. 88; #286 p. 94; #315 p. 105; #318 p. 106
 Program budgeting, #62 p. 23
 Program evaluations, #65 p. 24
 Promotional practices, #296 p. 98
 Psychiatric correctional facility, #367 p. 124
 Public Employees' Retirement System, #143 p. 50; #177 p. 61; #191 p. 65; #230 p. 76; #253 p. 83; #259 p. 85; #273 p. 90; #297 p. 99; #335 p. 112; #373 p. 126; #391 p. 132; #405 p. 137; #426 p. 147
 Public health, #408 p. 138
 Public land, #30 p. 11; #76 p. 28; #285 p. 94
 Public Safety, Department of, #45 p. 17; #199 p. 67; #203 p. 68; #224 p. 74; #236 p. 78; #262 p. 86
 Public schools, #17 p. 6; #215 p. 71; #276 p. 91; #299 p. 99; #366 p. 123
 Public school employees health insurance, #323 p. 108; #336 p. 112; #350 p. 117; #352 p. 117; #370 p. 125
 Public Service Commission, #78 p. 29; #98 p. 38; #131 p. 47; #165 p. 57; #205 p. 69
 Public utilities, #78 p. 29; #131 p. 47; #133 p. 48; #135 p. 48; #165 p. 57; #201 p. 67; #205 p. 69; #210 p. 70; #334 p. 112
 Public utility property, #135 p. 48
 Public Welfare, Department of, #14 p. 5; #86 p. 32; #102 p. 39
 Publications, #156 p. 54
 Purchasing procedures, #115 p. 43; #147 p. 52; #155 p. 54; #167 p. 58; #217 p. 71; #220 p. 72; #232 p. 76; #298 p. 99

-R-

Racketeer Influenced and Corrupt Organization Act (RICO), #272 p. 90
 Rankin County School District, #280 p. 92; #283 p. 93
 Real estate consultants, #321 p. 108; #301 p. 100
 Realignment, #332, p. 111
 Recreation and Parks, Bureau of. See Natural Resources, Department of.
 Reduction-in-force, #341 p. 114
 Reforestation, #374 p. 126
 Regional correctional facilities, #419 p. 143
 Regional mental health centers, #161 p. 56
 Rehabilitation Services, Department of, #348 p. 116
 Reorganization, #229 p. 75; #258 p. 85
 Research and Development Center, #189 p. 64
 Revenue maximization contracts, #413 p. 140
 "Revolving door" issues, #368 p. 124
 Right-of-Way Division. See Highway Department.
 Road and bridge expenditures, #31 p. 12; #81 p. 30
 Ross Barnett Reservoir, #159 p. 55; #172 p. 59

Route Marker Program, #89 p. 34

-S-

Salary increases, #358 p. 120
Salvage timber, #112 p. 42
Sample textbooks, sale of, #111 p. 42
School attendance officers, #316 p. 106
School boards, #312 p. 104
School districts' administrative spending, #299 p. 99
School districts' selection of vendors, #366 p. 123
Secretary of State, Office of the, #285 p. 94; #380 p. 128; #417 p. 142
Security deficiencies, #314 p. 105
Seized property, #272 p. 90
Self-insurance groups, #308 p. 103
Sixteenth section land, #76 p. 28; #98 p. 38; #280 p. 92
Social Security, #14 p. 5; #86 p. 32
Social Services, Office of, #282 p. 93
Southern Mississippi Planning and Development District, #69 p. 25; #219 p. 72; #372 p. 125
Southwest Mississippi Planning and Development District, #219 p. 72; #372 p. 125
Special license tags, #12 p. 4
Special needs correctional facility, #315 p. 105
Stadium attendance count, #278 p. 91
Staff housing, #220 p. 72; #371 p. 125
State Aid Road Division. See Highway Department.
State Auditor, #347 p. 116
State contracts for commodities, #325 p. 109
State Hospital, #37 p. 14; #104 p. 39; #220 p. 72
State indicators, #85 p. 32; #92 p. 35; #106 p. 40
State-owned vehicles, #192 p. 65; #307 p. 102; #337 p. 112
State port, #174 p. 60; #231 p. 76
State veterans' homes, #268 p. 88; #290 p. 96; #404 p. 137; #423 p. 145
Statewide Automated Accounting System (SAAS), #289 p. 95
Stripper well settlements, #265 p. 87
Sunset laws, #61 p. 22
Supplemental agreements, #10 p. 3
Surplus Property Procurement Commission, #54 p. 20

-T-

Take-home pay plan, #25 p. 9; #47 p. 17
Tallahala Creek Lake Project, #73 p. 27
TANF (Temporary Assistance to Needy Families), #357 p. 120
Tax Commission, #255 p. 84
 Alcoholic Beverage Control Division, #19 p. 7; #29 p. 11; #227 p. 75
 Law Enforcement, Bureau of, #163 p. 57; #226 p. 75
Tax credit program, #384 p. 129
Tax equity, #267 p. 88
Tax-forfeited lands, #285 p. 94
Teacher salary schedules, #66 p. 24
Telecommunications equipment, #239 p. 79
Tennessee-Tombigbee Waterway, #55 p. 20; #70 p. 26
Textbook Purchasing Board, #109 p. 41; #111 p. 42
Textbook Depository, #5 p. 2
Three Rivers Planning and Development District, #53 p. 19
Tidelands funds, #380 p. 128
Timber sales, #320 p. 107; #345 p. 115
Time and motion study, #56 p. 20
Title XX of the Social Security Act, #86 p. 32
Tombigbee River Valley Water Management District, #155 p. 54
Transportation, Department of, #284 p. 94; #304 p. 101; #305 p. 102; #318 p. 106; #317 p. 106;
 #365 p. 123; #388 p. 130; #392 p. 132; #393 p. 132; #414 p. 141
Transportation Planning Council, #98 p. 38

Travel agency contract, #195 p. 66; #209 p. 70; #407 p. 138
Travel analysis, #121 p. 44; #136 p. 48; #145 p. 51; #160 p. 55; #169 p. 58; #181 p. 62; #197 p. 66;
#212 p. 70; #234 p. 77; #337 p. 112
Travel policies, #311 p. 104; #337 p. 112; #407 p. 138
Travel guide, #187 p. 64
Treasury, #289 p. 95
Truck weight enforcement, #163 p. 57; #226 p. 75
Tunica County School District, #360 p. 121

-U-

University cash management, #252 p. 83
University foundations and athletic programs, #294 p. 97
University of Mississippi
School of Dentistry, #130 p. 47; #151 p. 53
Stadium renovations, #206 p. 69
University Medical Center, #175 p. 60

-V-

Variable Compensation Plan, #332 p. 111; #358 p. 120
Vehicles, #192 p. 65; #307 p. 102; #337 p. 112
Vendor licensing, #84 p. 31
Venture Capital Act, #355 p. 119
Veterans' Affairs Board, #268 p. 88; #290 p. 96; #404 p. 137; #423 p. 145
Veterans' Farm and Home Board, #18 p. 6; #105 p. 40
Veterans' Home Purchase Board, #208 p. 69; #274 p. 90
Veterinary Diagnostic Laboratory, #375 p. 126
Veterinary School, #168 p. 58
Vocational rehabilitation, #20 p. 7
Vocational-technical education, #65 p. 24; #124 p. 45; #141 p. 50; #276 p. 91

-W-

Warehouses, #9 p. 3; #227 p. 75; #254 p. 84
Welfare reform, #357 p. 120
West Jackson County Utility District, #399 p. 135
Whitfield. See State Hospital.
Wide area telecommunications service in state government, #79 p. 29
Wildlife Conservation, Department of, #95 p. 37; #98 p. 38; #128 p. 46; #186 p. 64
Marine Resources, Bureau of, #162 p. 56
Marine Resources, Department of, #322 p. 108
Wildlife, Fisheries and Parks, Department of, #295 p. 98; #389 p. 131
WIC (Women, Infants and Children) Nutrition Program, #254 p. 84
Wireless communication, #424 p. 146, #425 p. 146
Workers' Compensation Commission, #213 p. 71; #308 p. 103
Workers' compensation rates, #213 p. 71
World's Fair Council, #158 p. 55

-Y-

Year-end expenditures, #260 p. 86; #269 p. 89
Youth Court, #240 p. 79
Youth Services, Department of, #67 p. 25; #140 p. 50; #154 p. 54; Office of, #279 p. 92; Division
of, #432 p. 150

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