By: Senator(s) Hopson, Polk, Blackwell, McLendon, Simmons (13th)

To: Appropriations

SENATE BILL NO. 2042
(As Sent to Governor)

AN ACT MAKING AN APPROPRIATION FOR THE PURPOSE OF DEFRAYING THE EXPENSES OF THE STATE DEPARTMENT OF AUDIT FOR FISCAL YEAR 2026.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. The following sum, or so much thereof as may be necessary, is hereby appropriated out of any funds in the State General Fund not otherwise appropriated, for the purpose of paying salaries and defraying the expenses of the State Department of Audit in making the audits and investigations of public offices of the state and counties as provided by Section 7-7-201 et seq., Mississippi Code of 1972, for the fiscal year beginning July 1, 2025, and ending June 30, 2026.........$ 8,149,947.00.

SECTION 2. The following sum, or so much thereof as may be necessary, is hereby appropriated out of any special funds in the State Treasury to the credit of the State Department of Audit's special fund account for the purpose of paying salaries and defraying the expenses of the State Department of Audit in making the audits and investigations of public offices of the state and counties as provided by Section 7-7-201 et seq., Mississippi Code of 1972, for the fiscal year beginning July 1, 2025, and ending June 30, 2026.................................$ 5,174,719.00.

SECTION 3. Of the funds appropriated under the provisions of this act, not more than the following amount of funds, with the exception of the provisions in this section, shall be expended only for "Personal Services," which includes "Vacancy Funding," for the following authorized number of employment headcount:

FUNDING:	
General Funds:	$ 7,956,323.00
Special Funds:	$ 4,684,387.00
Total Funds:	$ 12,640,710.00
PERSONAL SERVICES:	
Employee Salaries, Wages, and Fringe Benefits:	$ 12,086,612.00
Progressions:	$ 0.00
Vacancy Funding:	$ 554,098.00
Total Personal Services:	$ 12,640,710.00
AUTHORIZED HEADCOUNT:	
Permanent:	147
Time-Limited:	0

As used in this section, the term "Personal Services" shall mean funds provided under the major object of expenditure category Personal Services for Salaries, Wages, and Fringe Benefits. Funds in this category shall not be transferred to any other category.

It is the intention of the Legislature to ensure compliance with the Variable Compensation Plan, as outlined in Section 25-9-147, Mississippi Code of 1972. Payment from these funds shall be in accordance with the Variable Compensation Plan promulgated by the Mississippi State Personnel Board. It is the Legislature's intention that no employee's salary falls below the minimum salary established by the Mississippi State Personnel Board.

The State Personnel Board shall determine and publish the projected annual cost of "Personal Services" based on monthly and year-to-date payroll expenditures in compliance with the provisions of this act.

With the funds herein appropriated, it shall be the agency's responsibility to ensure that no single personnel action or combination of personnel actions, when annualized, exceeds the Fiscal Year 2026 appropriation for "Personal Services" with the exception of escalated funds. Further, it shall be the agency's responsibility to ensure that funds required to be appropriated for "Personal Services" for Fiscal Year 2027 do not exceed Fiscal Year 2026 funds appropriated for that purpose unless programs or positions are added to the agency's Fiscal Year 2026 budget by the Mississippi Legislature.

If, at the time the agency takes any action to change "Personal Services," the State Personnel Board determines that the agency has taken or will take an action that would cause the agency to exceed the funds appropriated in this act when annualized for Fiscal Year 2026 or increase the need for "Personal Services" for Fiscal Year 2027, when annualized, the State Personnel Board shall process no salary actions until such time as the requirements of the provisions of this section are met with the exception of new hires determined to be essential for the agency.

When used in this section, "Vacancy Funding" shall mean funds included in the Total Personal Services amount listed above and designated for approved vacancies in Fiscal Year 2026. These funds are to be utilized to increase the number of filled headcounts that were authorized but unfilled as of the last day of Fiscal Year 2025. If the agency fills additional headcounts after May 1, 2025, until the end of Fiscal Year 2025, the amount of available Vacancy Funding may be proportionally reduced to reflect the updated number of filled headcounts. The agency shall be responsible for ensuring that "Vacancy Funding" is used to increase headcounts and not for promotions, title changes, in-range salary adjustments, or any other mechanism for increasing salaries for current employees.

Any transfers or escalations shall be made in accordance with the terms, conditions, and procedures established by law or allowable under the terms set forth within this act. The State Personnel Board shall not escalate positions without written approval from the Department of Finance and Administration. The

Department of Finance and Administration shall not provide written approval to escalate any funds for salaries and/or headcounts without proof of availability of new or additional funds above the appropriated level. Unless specifically noted, all Fiscal Year 2025 escalated headcounts have been accounted for and shall be converted to authorized time-limited headcounts.

No general funds authorized to be expended herein shall be used to replace federal funds and/or other special funds used for salaries authorized under the provisions of this act and which are withdrawn and no longer available.

None of the funds herein appropriated shall be used in violation of the Internal Revenue Service's Publication 15-A relating to the reporting of income paid to contract employees, as interpreted by the Office of the State Auditor.

If the agency's total authorized headcount decreases from Fiscal Year 2025 to Fiscal Year 2026, it will be the agency's discretion as to what headcounts are removed.

SECTION 4. In compliance with the "Mississippi Performance Budget and Strategic Planning Act of 1994," it is the intent of the Legislature that the funds provided herein shall be utilized in the most efficient and effective manner possible to achieve the intended mission of this agency. Based on the funding authorized, this agency shall make every effort to attain the targeted performance measures provided below:

FY2026

Performance Measures	Target
Finance & Compliance	
County Government Audits- Percent Audited by CPA Firms	60.00
County Government Audits- Percent Audited by OSA	40.00
Single Audit Federal Program Coverage - Percent Audited by CPA Firms	60.00
Single Audit Federal Program Coverage - Percent Audited by OSA	40.00
ACFR Opinion Units - Percent General Fund Assets	75.00
ACFR Opinion Units - Percent General Fund Reserves	75.00
Technical Assistance	
Number of Technical Assistance Inquiries	6,400
Cost per Technical Assistance Inquiry	15.00
Percent Customer Satisfaction Rating of 70% or Higher	75.00
Investigations	
Recovered Embezzled and/or Misspent Funds as a Result of Investigations Conducted by this Office	600,000.00
Recovered Funds as a Percent of Total Misspent Funds	18.00

Performance Audits

Number of Performance Audit Reports Completed	10
Number of Positive Changes Recommended in Performance Audits or Bond Monitoring Reports	25

A reporting of the degree to which the performance targets set above have been or are being achieved shall be provided in the agency's budget request submitted to the Joint Legislative Budget Committee for Fiscal Year 2027.

SECTION 5. It is the intention of the Legislature that whenever two (2) or more bids are received by this agency for the purchase of commodities or equipment, and whenever all things stated in such received bids are equal with respect to price, quality and service, the Mississippi Industries for the Blind shall be given preference. A similar preference shall be given to the Mississippi Industries for the Blind whenever purchases are made without competitive bids.

SECTION 6. Of the funds appropriated in Section 2 of this act, it is the intention of the Legislature that Thirty Thousand Dollars ($30,000.00) is provided for the purpose of paying fees for a CPA Review Course for the Office of the State Auditor's employees to be reimbursed over a 12-month period by the employee taking the course.

SECTION 7. It is the intention of the Legislature that the State Auditor is hereby authorized to escalate, budget and expend funds from any source made available to comply with the Single Audit Act of 1984 for the purpose of employing staff, paying related expenses, or to engage private accountants, as necessary, to comply with the provisions of the act, in accordance with rules and regulations of the Department of Finance and Administration in a manner consistent with the escalation of federal funds not to exceed One Million Five Hundred Thousand Dollars ($1,500,000.00).

SECTION 8. No more than One Million Dollars ($1,000,000.00) may be provided to defray expenses incurred by the Office of the State Auditor pursuant to the rules and regulations of the United States Department of Justice Federal Equitable Sharing Program. These funds may only be used for nonbudgeted law enforcement purposes by the Office of the State Auditor.

SECTION 9. It is the intention of the Legislature that the State Department of Audit shall maintain complete accounting and personnel records related to the expenditure of all funds appropriated under this act and that such records shall be in the same format and level of detail as maintained for Fiscal Year 2025. It is further the intention of the Legislature that the agency's budget request for Fiscal Year 2027 shall be submitted to the Joint Legislative Budget Committee in a format and level of detail comparable to the format and level of detail provided during the Fiscal Year 2026 budget request process.

SECTION 10. Of the funds appropriated in Section 2 of this act, it is the intention of the Legislature that Two Hundred Thousand Dollars ($200,000.00) is provided for the purpose of the Accountancy Fellowship Program as provided by Section 7-7-204 et seq., Mississippi Code of 1972.

SECTION 11. The money herein appropriated shall be paid by the State Treasurer out of any money in the State Treasury to the credit of the proper fund or funds as set forth in this act, upon warrants issued by the State Fiscal Officer; and the State Fiscal Officer shall issue his warrants upon requisitions signed by the proper person, officer or officers in the manner provided by law.

SECTION 12. This act shall take effect and be in force from and after July 1, 2025.