

Office of the State Auditor
Department of Performance Audit



State of Mississippi

PHIL BRYANT
AUDITOR

FINAL FOLLOW-UP TO *Choices* REVIEW

November 3, 1997

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Department of Performance Audit

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Phil Bryant
State Auditor

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religion, national origin, sex, age or disability*

November 3, 1998

Governor Kirk Fordice
State of Mississippi

Members of the Mississippi Legislature
House of Representatives
Senate

Ladies and Gentlemen:

The Office of the State Auditor has completed this Final Follow-up to *Choices* review regarding the findings and recommendations of the statewide performance audit. The results of this review are presented to you in the report published herein.

We trust the results of this report will help to aid agencies in the development of methods of deliver state government services efficiently.

Sincerely,

A handwritten signature in black ink, reading "Phil Bryant". The signature is written in a cursive, flowing style with a large initial "P" and a stylized "B".

Phil Bryant
State Auditor

PB:cml

Enclosure

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INTRODUCTION

Section 1

INTRODUCTION

Purpose

After becoming State Auditor in November, 1996, my interest in the findings and recommendations of the legislatively-authorized statewide performance audit *Choices* increased enormously. As a former legislator, and one who was asked to approve funding for this project, I realized *Choices* gave me the opportunity to consider government from an executive rather than a legislative perspective -- and to learn if and how the legislature's intent was being incorporated into state government's day-to-day work.

The overall goal of the *Choices* performance audit, given in the original report's introduction, is to aid agencies in the development of methods to deliver state government services efficiently. My review suggests the recommendations are more easily understood if considered under two category headings: **efficient government**: "taking a hard look at how we do things and envisioning better ways to do them" and **tax-dollar savings**: "getting better government for fewer dollars."

Impressed by the effort and money that resulted in *Choices* -- and encouraged by the cooperative and concerned spirit with which it was received by the effected state agencies, I was anxious to know which of the audit's recommendations had been implemented -- or whether any implementation plans had been made. I also wanted to know if any of the recommendations were being resisted, if any could now be considered misdirected and, equally important, if any had been tried and found impractical.

I also wanted to use this review to lay the groundwork for determining if reliable information could be compiled identifying tax-dollar savings attributable to this audit's recommendations.

In each regard, I think we have made a good beginning.

History of the Choices Reports

During the budget hearings for state fiscal year 1995, the State Auditor's Office requested and was granted an additional \$1.5 million to conduct a comprehensive performance audit of Mississippi state government. The purpose of this review was to analyze the performance of state government and make recommendations in areas of possible tax dollars savings. The report was published January 1995 and distributed to the Governor and members of the Legislature. The result of the audit was 108 recommendations, some with immediate direct tax-dollar savings and others with possible future savings if implemented. At a minimum, implementation of the recommendations would result in a government which operates more effectively at a lower cost. *Choices II* continued the work of *Choices* and fulfilled the 1995 legislative directive that each agency affected by the audit report to the State Auditor its agreement, disagreement, or inability to comply with the recommendations regardless of the reason. *Choices II* was issued to the 1996 legislature. When we issued this report in 1995, the State Auditor's Office felt this report could provide benefits to the state for several years

in the future. For this reason, the State Auditor's Office continues to monitor the recommendations made in Choices and report those actions to the Governor and Legislators.

Method

When this review of the *Choices* performance audit was begun last February, we decided our questions concerning recommendations made to more than one entity would, when possible, be directed only to the entity **a)** most effected, **b)** primarily responsible, **c)** most likely to take the lead in implementation or **d)** most likely to have the best informed opinion. For example, Recommendation #3, "including SPB in the benefits management process," is directed to the State Personnel Board, the Department of Finance and Administration and the Public Employees Retirement System. But, using the criteria described above, as well as this particular recommendation's place in the performance audit report (i.e., the section of the Personnel and Benefits primarily devoted to the State Personnel Board) our question was directed only to SPB. Conversely, questions concerning three recommendations (85, 87 & 88) with significant implications for more than one entity were directed to each effected agency. For example, our question concerning Recommendation #85, "reform health care infrastructure prior to designing a statewide benefit program," was directed to the Board of Trustees of Institutions of Higher Learning/University Medical Center, the State Board of Health, the Department of Human Services and the Division of Medicaid.

The current review's responses to the *Choices* audit are given on pages 1-9; the **bold** portion of each response identifies the subject of the recommendation. Responses given in boxes are for recommendations which have not been implemented; generally, these offer the best opportunity for future legislative initiatives. Responses given in **bold boxes** are for recommendations with which the effected agencies continue to disagree.

PERSONNEL AND BENEFITS ISSUES

PERSONNEL AND BENEFITS

THE STATE PERSONNEL BOARD HAS IMPLEMENTED *Choices*' RECOMMENDATIONS BY:

- 1. implementing strategic planning.**
- 2. creating a Personal Services Contract Review Board.**
- 3. exploring employee benefit planning interface with PERS .**
- 4. planning a review of its written exams.**
- 5. planning to shorten time between application and hiring (via SPHARS).**
- 7. reviewing position requirements (37% have been reviewed; of these, 84% were revalidated.)**
- 8. planning more realistic minimum job requirements and starting salaries.**
- 9. planning to reduce employment application volume and streamline recruiting.**
- 10. planning to eliminate several hundred unnecessary classifications (via SPHARS).**
- 12. disseminating classification and compensation information to managers and employees via Personnelists Training Program.**
- 13. restructuring and upgrading employee Performance Appraisal Review (PAR).**
- 14. planning to track employee performance appraisal results (via SPHARS).**
- 16. increasing employee training through CPM, Personnelists Training, a State-Wide Training Network and interactive orientation sessions.**
- 17. same as #16 above.**
- 18. same as #16 above.**
- 19. planning to track employee training (via SPHARS).**
- 20. planning to coordinate and publicize training programs and resources (via SPHARS).**
- 21. seeking legislation mandating designated agency training officers/coordinators.**

**THE STATE PERSONNEL BOARD REMAINS OPPOSED TO THE FOLLOWING
Choices' RECOMMENDATION AND**

- 11 . disagrees the classification and compensation system should be restructured.**

PERSONNEL AND BENEFITS con't.

THE DEPARTMENT OF FINANCE AND ADMINISTRATION HAS IMPLEMENTED *Choices*' RECOMMENDATIONS BY:

- 29.** selecting a pharmacy benefit manager to reduce drug costs beginning in 1997.
- 30.** potentially **lowering state employee out-of-pocket health plan premium costs** since 1996 by basing its dependent premium structure on type rather than number of dependent .
- 34.** **processing health insurance premium payroll deductions uniformly** (via SPHARS.)

THE DEPARTMENT OF FINANCE AND ADMINISTRATION HAS ATTEMPTED TO IMPLEMENT *Choices*' RECOMMENDATIONS BY

- 27.** unsuccessfully seeking legislation to give state employee health plan participants the option of joining HMOs; for the past three years the Senate has passed bills that failed in the House.
- 28.** unsuccessfully seeking a staff nurse to help reduce medical costs via of preventable disease management.
- 31.** unsuccessfully seeking legislation to authorize employee contributions to medical program costs.

THE DEPARTMENT OF FINANCE AND ADMINISTRATION CANNOT IMPLEMENT THE FOLLOWING RECOMMENDATIONS BECAUSE IT

- 32.** is still waiting for GASB regulations that will govern the estimation of retiree benefit liability.
- 51.** has not taken a role in or reviewed the State Auditor's Office 1994 & 1995 privatization strategy legislation.

PURCHASING ISSUES

PURCHASING

THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S OFFICE OF PURCHASING AND TRAVEL HAS IMPLEMENTED *Choices*' RECOMMENDATIONS BY:

- 46. implementing the use of **credit cards for small dollar purchases** (originally an OPT recommendation; OPT estimates it has resulted in \$50,000 savings on purchases of \$100,000.)
- 49. securing, with SPB, enactment of legislation (SB2958) to create the **Personal Services Contract Review Board**.

THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S OFFICE OF PURCHASING AND TRAVEL REMAINS OPPOSED TO THE FOLLOWING *Choices*' RECOMMENDATIONS AND

- 43. still feels the cost of implementing a comprehensive centralized information system to track state procurement activity would exceed the potential benefits.
- 44. reports private sector and government "best practice" now discourages warehousing in favor of "order when needed" contracts.
- 45. still contends the costs of monitoring noncompetitive contracts would negate their convenience and unnecessarily constrain the options available to purchasing professionals.
- 47. has not hired a consultant to help streamline and reduce purchasing administrative costs, but is, rather, reviewing proposals to put state contracts on the Internet.
- 52. notes the Legislature prefers to give ITS authority to make rules and regulations concerning all telecommunications equipment.
- 50. sees no value in seeking authority or funding to study purchasing staff capabilities and workloads without authority to make structural changes at agencies.
- 53. same as #44 above.

EDUCATION ISSUES

EDUCATION

THE DEPARTMENT OF EDUCATION HAS IMPLEMENTED THE *Choices'* RECOMMENDATIONS BY:

- 79. working with the Legislature to implement reform policies by securing passage of **Adequate Education Program and Charter Schools**.
- 80. working with the Legislature to implement reform policies by securing passage of **Charter School legislation** to permit a limited degree of the site-based management advocated by *Choices*.
- 83. working with the Legislature to implement reform policies by securing passage of the **Adequate Education Program** which will raise all public school districts to a minimum Level 3 accreditation by the end of the five-year phase-in period.

THE DEPARTMENT OF EDUCATION HAS ATTEMPTED TO IMPLEMENT *Choices'* RECOMMENDATIONS BY

- 84. unsuccessfully proposed legislation requiring elected school boards and appointed superintendents. This will be part of its 1998 legislative proposals.

HEALTH AND HUMAN SERVICES ISSUES

HEALTH AND HUMAN SERVICES

MULTIPLE RESPONSES TO RECOMMENDATIONS 85, 87 AND 88 WERE SOLICITED FROM THE BOARD OF TRUSTEES FOR STATE INSTITUTIONS OF HIGHER LEARNING (IHL), DEPARTMENT OF HEALTH (DOH), DEPARTMENT OF HUMAN SERVICES (DHS) AND MEDICAID

FINDING 85 - Federal and state health care programs pay for the majority of all medical care received within Mississippi. The cost of processing Medicaid claims was 1.5 percent of benefit payments made to medical providers, including state agencies, in 1994. Market forces are determining where individuals receive care.

RECOMMENDATION 85 - Mississippi should work with the private sector to reform its health care infrastructure prior to designing a statewide benefit program.

IHL HAS IMPLEMENTED *Choices* RECOMMENDATION 85 BY:

working with the private sector to reform current health care infrastructure by establishing the Jackson Medical Mall, participating on an advisory committee to improve state employee health care insurance, working with the state medical and hospital associations to assess managed care products, supporting Medicaid's efforts to provide maximum services to the underprivileged and worked with the Baptist Medical Center and St. Dominic Health Services to enhance managed care.

DOH HAS IMPLEMENTED *Choices* RECOMMENDATION 85 BY:

continuing to actively provide information, statistics and draft legislation to legislators and state agency policy makers and private healthcare providers.

DHS HAS IMPLEMENTED *Choices* RECOMMENDATION 85 BY:

making plans to place nurse practitioners at all state training schools and provide them with interfacing to UMC.

<p>MEDICAID HAS NOT IMPLEMENTED <i>Choices</i>' RECOMMENDATION 85 AND notes its role is defined by state statute and can only be changed by the Legislature.</p>

HEALTH AND HUMAN SERVICES con't.

FINDING 87 -The primary mission of the Department of Health (DOH) is prevention - not home health care.

RECOMMENDATION 87 - The Legislature should remove the barrier in DOH enabling legislation and allow it to exit the home health market, sell its licenses and redirect revenues to its primary mission.

IHL reports that the issue of selling the state's home health licenses became so sensitive in the 1996 Session it was not reconsidered in 1997.

DOH notes sale of home health licenses must be approved by the Legislature.

FINDING 88 - Approximately 82 percent of states use only one state agency to determine Medicaid eligibility. Persons needing annual redetermination by the Medicaid Eligibility Division do not need to go to a Medicaid office for processing. There is an established mechanism for Medicaid eligibility determination through the Department of Human Services county offices. Administration of the Medicaid Eligibility Division requires 24 regional offices, 56 administrative staff, 93 medical specialists.

RECOMMENDATION 88 - Develop a transition plan to phase out the 24 regional Medicaid offices by contracting with DHS to determine Medicaid eligibility.

DHS reports it considers itself "nothing more than a service provider of Medicaid for the purpose of eligibility determination for a portion of the programs offered; it has no knowledge of the programs and functions administered in the 24 Medicaid field offices and is, therefore, unable to comment on its ability to assume these duties."

MEDICAID reports eligibility for almost 60% of total Medicaid recipients is determined by its staff with no duplication of the activity performed by DHS.

CORRECTIONS ISSUES

CORRECTIONS

THE DEPARTMENT OF CORRECTIONS HAS IMPLEMENTED *Choices*' RECOMMENDATIONS BY:

- 89. placing **4.9%** of its inmate population in the house arrest program with plans for expansion.
- 91. expanding its pre-release centers and establishing a recidivism tracking system.
- 97. completing salary surveys of medical staff and filling all but one vacant position.
- 98. acquiring 40 computers and planning for additional computers that **will complete the medical records programs.**
- 99. seeking full accreditation for its hospitals within the next 14 months; instituting telemedicine; and concluding it is more economically effective to keep the hospital and its administration state-sponsored.

<p>90. agreed it is much less costly to supervise probation and parole than incarcerate certain prisoners who represent a minimum risk to society, but the Truth-in-Sentencing Law that requires all inmates sentenced after 7/95 to serve 85% of their sentence. Therefore, DOC cannot realize immediate cost savings from inmates on parole or probation.</p>

PUBLIC SAFETY ISSUES

PUBLIC SAFETY

THE DEPARTMENT OF PUBLIC SAFETY HAS IMPLEMENTED *Choices*' RECOMMENDATIONS BY:

- 100. agreeing to **replace sworn officers with civilian employees through attrition** (with the exception of supervisors in driver license offices.)
- 101. **examining, with SPB, all positions currently held by sworn officers.**

THE DEPARTMENT OF PUBLIC SAFETY REMAINS OPPOSED TO THE FOLLOWING RECOMMENDATIONS AND

- 102. disagrees that it has too many driver license examining offices and will seek to expand the number.**
- 103. notes its Director of Driver License Bureau already has the option of ordering the collection of statistical information to determine the workload in each office.**

RECOMMENDATIONS EXCLUDED FROM REPORT

Following are listed the recommendations for which we did not request information, as well as the reason underlying each decision.

Recommendations **6, 22, 25, 33, 35, 36, 43, 45 & 48** were determined to be invalid and were so noted in the *Choices II* Report.

15 - SPB should expand career progression.

Response to this recommendation resulted in a philosophical impasse; SPB adamantly contends existing career progression provision is adequate.

Recommendations **24, 25** and **26** were positive findings (“examples of **SPB** performing a logical duty well”) needing no further discussion.

24 - “Continue to expedite the appeals process.”

“Employee conflict resolution process . . . is fair.”

25 - SPB should analyze “all interagency communications efforts.”

SPB disagreed and convinced OSA it should not (in the spirit of the Audit’s “let managers manage” philosophy) “set controls and standards for communications activities.”

26 - Include an “Employee Relations” chapter in the *SPB Policy and Procedures Manual*.

“SPB actions accord with audit recommendations.”

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Recommendations **37-42** were directed to the Public Employees Retirement System (**PERS**) and dealt with:

37 - Determination of retirement plan liabilities and . . . (con’t. #38).

OSA commended PERS for early implementation of GASB 25, a change that should more clearly reflect the value of the plan assets in financial statements

Recommendations **39 - 42** were positive findings (“meant to point out PERS’ success”) needing no further discussion:

39 - Reviewing of overall retirement strategy.

40 - Evaluating retirement ages and vesting standards.

41 - Evaluating retirees' cost of living increases.

42 - Evaluating administrative and investment expenses.

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48 - Directed to DFA's Office of Purchasing and Travel, stated "**OPT** contracting . . . should primarily benefit state government."

OPT disagreed, arguing "lower product . . . and . . . administrative cost . . . reaped by the local government[s] result in savings to the taxpayers of the state." OSA agreed "this recommendation is not valid."

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52 - Directed to **ITS** (formerly CDPA), suggested responsibility for "small items of telecommunication equipment [procurement] should be . . . transfer[red] . . . to OPT."

After discussion, OSA determined the better question would be: "Does the state want . . . one agency responsible for all procurement or does it want to continue to have four agencies, based on their areas of expertise, responsible for related procurement?" This is a "basic question" that is still unanswered.

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Recommendations **54 - 56** were directed to the **Bureau of Buildings, Grounds and Real Property** and dealt with: (questions were never submitted to DFA - nc)

54 - Estimating architect and engineering fees.

55 - Defining the scope and role of architect and engineering firms.

56 - Requiring specific qualifications of those competing to provide [architect and engineering] services and lowering the public notice threshold from \$500,000 to \$100,000.

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Recommendations 57-64 were directed to the Legislative Budget Office (**LBO**) and dealt with:

57 - Integrating the five-year revenue and expenditure projections into the budget process.

- 58 - Including the five-year fiscal notes for new or expanded programs and twenty-year fiscal notes for capital programs in appropriation bills.
- 59 - Establishing a State Strategic Planning Committee.
- 60 - Performance Measures for “outcomes, training efforts, management systems and program costs.
- 61 - Integrating repair/renovation program into the budget process
- 62 - Rewarding agency directors for prudent spending practices.
- 63 - Establishing a “State Innovation Fund.”
- 64 - Developing a user fee methodology.

The *Original Agency Response* to these recommendations made clear LBO’s inability, as staff support for the Joint Legislative Budget Committee, to unilaterally implement change without Committee direction. It would be futile to ask LBO to again respond to recommendations it is powerless to implement. Any future advocacy for these recommendations should be made directly by the SAO to the Legislature.

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Recommendations **65-79** were directed to the Department of Economic and Community Development (**DECD**) and dealt with:

- 65 - Developing a coordinated and regularly updated statewide plan for economic development.
- 66 - Transferring responsibility for strategic planning from the Center for Policy Research and Planning to DECD.
- 67 - Replacing the Special Task Force for Economic Development Planning with a policy-making Economic Development Council.
- 68 - Creating a Department of Workforce Preparedness and Labor.
- 69 - Expanding One-Stop Career Centers to encompass all worker training programs.
- 71 - Basing business incentive programs on global circumstances
- 72 - Pursuing social goals and business incentives effecting desired socioeconomic changes.
- 73 - Periodically evaluating incentive programs.
- 74 - Relating incentives’ values to long-term costs and benefits.

75 - Focusing incentives more on education, training and infrastructure than tax breaks and financing subsidies.

76 - Assigning now-fragmented responsibilities for major economic development activity to specific departments or organizations.

77 - Basing budget allocations on performance measures.

78 - Assigning allocation of economic development appropriations to a DECD Economic Development Council.

The *Original Agency Response* to these recommendations made clear DECD's inability, as a *de facto* branch of the Governor's Office, to unilaterally implement change without direction from the chief executive and the Legislature. Future advocacy for these recommendations should be made directly by the SAO to the Governor's Office and the Legislature.

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Other recommendations not addressed in this study included:

86 - Responses to #85, "reform health care infrastructure prior to designing a statewide benefit program," could not be made without reference to #86, "use emerging technology . . . to better plan"

92, 93, 94, 95, 96 - Magnolia State Enterprises (now Mississippi Prison Industries); still awaiting response

104-108

These four recommendations were directed to Mr. Ross; this review is waiting to give Dr. Spell a chance to take stock of his situation.

**COMPLETE LISTING OF ALL RECOMMENDATIONS
ADDRESSED IN THIS REPORT**

Following is complete listing of all findings, recommendations and agency responses addressed in this report. Each finding is identified by the number it was assigned in the initial CHOICES report and is followed by an *italicized* recommendation; the latest agency action is shown in **bold**. This listing, although abbreviated, is somewhat fuller than that given in the foregoing report (pp 1-9). It is provided as an aid for understanding CHOICES and should not be substituted for the entire CHOICES report.

KEY: Finding

Recommendation

Latest Agency Action/Response

- (1) The State Personnel Board (SPB) focuses on direct administration and control of the personnel process.
SPB's focus should be redirected to personnel policy/program development, compliance monitoring, and supporting agencies.
SPB implemented its first strategic plan during FY96. It and subsequent plans will emphasize SPB's objective to become a state-of-the-art, user-friendly agency. Accompanying SPB's response was a document "STEPS THE SPB IS TAKING OR HAS TAKEN TO IMPROVE SERVICES, JANUARY 1994 - JULY 1997"
- (2) The State Personnel Director reviews and approves agencies' personal service contracts.
This responsibility should be transferred to the agency responsible for purchasing.
SPB continues to disagree and has succeeded in having legislation enacted (1997 Session; SB 2958) to strengthen its personal service contract administration via a Personal Services Contract Review Board which will promulgate personal service contract rules and regulations.
- (3) No process for planning and coordinating employee benefits exists.
This should be rectified by including SPB in the benefits management process.
SPB is waiting for PERS to complete an electronic data system with which it can interface.
- (4) SPB uses a large number of written exams.
All tests should be evaluated for validity, consolidation or elimination.
Recommended review is part of the five year strategic plan SPB implemented in 1996.
- (5) The time between application and hiring is lengthy; applicants frequently go elsewhere for employment.
SPB, agency directors and personnel managers should investigate ways to expedite the agency-level interview and hiring process.

SPAHRS, being developed with DFA and ITS will significantly shorten the time from application to hire.

- (7) Position requirements for certain job classes are excessive, hindering selection of the most qualified.
SPB should review and evaluate job class requirements to determine if minimum qualifications and entry salary levels are properly coordinated.
SPB is combining this recommendation with a multi-year study of job class specifications for ADA compliance. 37% of classifications in this study have been reviewed.
- (8) Although state service starting salaries for recent college graduates fall behind private sector starting salaries, minimum requirements for state service are usually higher.
SPB should develop more realistic minimum requirements and starting salary structures, particularly for recent college graduates.
Salaries accord with the rules and regulations of Variable Compensation Plan; in 1996 a Stennis Institute of Government study concluded SPB's beginning salaries very closely approximate those of their competitors.
- (9) The volume of employment applications is too burdensome for SPB staff to effectively and efficiently manage.
SPB should review and streamline its recruiting and hiring processes.
SPAHRS, being developed with DFA and ITS will significantly shorten the time from application to hire.
- (10) The excessive number of state job classifications negatively affects human resource management.
Job classes should be reviewed for consolidation or elimination; more generic job classes should be created.
SPB disagrees but will continue to review, delete and consolidate job classifications; SPB anticipates hundreds of deletions when SPAHRS is implemented.
- (11) Miss. does not adequately maintain its classification and compensation system.
The classification and compensation system should be restructured and adequately maintained.
SPB is combining this recommendation with a multi-year study of job class specifications for ADA compliance. 37% of classifications in this study have been reviewed.
- (12) State employees do not understand or appreciate the classification and compensation system.
Training materials should be developed to correct this circumstance.
SPB's Personnelists Training program, introduced 2/95, has trained ca. 150 state personnel officers in theory, legislation, SPB policies & procedures,

recruitment, selection, job classification, compensation, performance appraisal, etc.

- (13) The Employee Performance Appraisal System is lengthy, time consuming and ineffectively utilized.
System should be restructured and upgraded to yield meaningful results.
1/96, Performance Appraisal Review (PAR) replaced EPAS; PAR reduces performance levels from 5 to 3, simplifies forms & computations, requires written performance standards only for “fails to meet” or “exceeds” expectations; SPB has increased PAR training.
- (14) The state has no system to track performance appraisal results.
A system should be designed and implemented to fulfill this need.
SPAHRS, being developed with DFA and ITS, will permit tracking of performance appraisal results.
- (16) The state’s training investment is inadequate.
Training investments in all employees should be progressively increased.
CPM and Personnelists training has increased; in 1996 a State-Wide Training Network offered orientation to applicants and training to employees; quarterly meetings are held with personnel and other administrators; surveys are used as a basis for adding courses; SPB will seek legislation in 1998 to add specific training courses.
- (17) The CPM program has increased participants’ morale and understanding of state agencies.
SPB should increase state employee awareness of the CPM program.
See #16
- (18) The state does not require management development training.
Management development training should be required for all supervisors/managers.
SPB will seek legislation in 1998 to add specific training courses.
- (19) Comprehensive employee training data is not available.
A statewide records management system should be developed to track all employee training.
SPAHRS, being developed with DFA and ITS, will permit tracking of employee training; SPB will seek legislation in 1998 to add specific training courses.
- (20) No system to identify and pool training resources exists.
SPB’s Training Division should coordinate and publicize training programs and resources.
SPAHRS, being developed with DFA and ITS, will permit training resources to be pooled.

- (21) Training access, commitment and availability varies widely across agencies.
Each agency should designate a training officer/coordinator and mandate periodic training needs assessments.
SPAHRs, being developed with DFA and ITS, will foster improved availability and uniformity of employee training.
- (23) Although SPB's Training Division is well-regarded, overall training and development is insufficient.
SPB should expand the Training Division's staff and capacity.
SPB will seek legislation in 1998 to add specific training courses.
- (27) The state is unable to reduce costs through the use of managed health care.
Statutes should be modified to allow implementation of a managed health care program.
DFA continues to request legislation allowing the option of HMOs to Plan participants. For the past three years the Senate, but not the House, has passed enabling bills.
- (28) The state does not reduce medical costs through management of preventable diseases.
A targeted prevention program should be implemented.
DFA's request was denied for a staff nurse to implement and monitor disease management programs; DFA is reviewing Pharmacy Benefit Manager and Utilization Management for proposed disease management programs; DFA determined the Special Maternity Benefit program was unsuccessful and is redesigning the program.
- (29) Prescription drug coverage costs more than necessary.
The state should contract with a managed care pharmaceutical company to reduce costs.
DFA selected a Pharmacy Benefit Manager in 1997; significant Plan savings should be expected.
- (30) Employees and retirees are dropping dependent coverage, threatening the medical plan's viability.
The state should adopt a contribution strategy that recognizes employees' ability to pay.
In 1996 the dependent premium structure was modified from a structure based on the number of dependents to one based on dependent type. Implementation of the Network Option (lower deductible and co-insurance rates) in 1995 resulted in lower-out-of-pocket costs for many.
- (31) Employees do not contribute to the cost of the medical program.
Employee contributions to individual coverage would decrease the state's cost; decreased utilization will reduce claim costs, as well.
Legislation regarding employee contributions to the Plan have been introduced but have not passed.

- (32) The state has not calculated its liability for current and future retiree health benefits. *Liability should be calculated to help determine the actual impact of current policies and decisions.*
GASB regulations have yet to be issued governing the estimation of retiree benefit liability.
- (34) The health benefit program administrative processes are inefficient. *The state should re-engineer its health benefit administrative process.*
SPHARS will facilitate payroll deduction processing including health insurance premiums and make funds more readily available for claim disbursements.
- (43) The Office of Purchasing and Travel (OPT) lacks information on statewide procurement activity. *The state should take action to develop a purchasing information system.*
Because SAAS does not capture information from the university or governing authorities, it cannot provide perfectly accurate information concerning purchases that fall under the contracts established by OPT. SASS has been able to develop reports concerning purchases by agencies that use it.
- (44) Procurement costs can be reduced by greater use of definite quantity contracts. *OPT should develop strategies for aggregation of purchases and identify opportunities to use definite quantity contracts.*
OPT believes future “best practice” will move to ‘order when needed;’ OPT does not agree that warehousing would produce savings.
- (45) OPT is unable to monitor or determine if agencies are properly using statewide, negotiated contracts. *The state should develop a purchasing management information system to monitor compliance with the policy to negotiate noncompetitive procurement contracts in excess of \$5,000.*
OPT believes the costs of monitoring noncompetitive contracts negates their convenience and constrains purchasing professionals’ options.
- (46) The state does not have efficient procurement procedures for small dollar (under \$500) purchases.

The state should reduce procurement costs by using simplified purchasing methods such as credit cards.

OPT initiated the use of credit cards and estimates their use has saved the state \$50,000.

- (47) The state has made only limited progress in adopting innovative procurement policies.
OPT should take steps to advance the use of available technology to streamline and reduce the administrative costs of the purchasing process.

OPT has not hired a consultant but is reviewing proposals to put state contracts on the Internet.

- (49) The state does not have established policies and procedures for negotiating personal service contracts.
OPT should develop policies and procedures for negotiating personal service contracts.

OPT and SPB secured legislation to create the Personal Services Contract Review Board.

- (50) Many state agencies and departments do not have staff designated as purchasing agents by the SPB.
OPT and SPB should assess procurement activity by agencies pertaining to staff capabilities and workloads.

Without authority to make structural changes at agencies, OPT sees no value in seeking this authority.

- (51) Small items of telecommunication equipment are not covered under term contracts, and procurement responsibility for these items needs to be realigned.
Privatization strategy should be developed by a commission composed of private sector and executive branch members.

OPT has not taken a role in or reviewed SAO 1994 & 1995 privatization strategy legislation.

- (52) Procurement responsibility for small item telecommunication equipment should be transferred from ITS to OPT.
The state should transfer procurement responsibility for FAX, cellular telephones and pagers from ITS to OPT.

OPT notes the Legislature prefers to give ITS authority to make rules and regulations concerning all telecommunications equipment.

- (53) Duplication exists in stocking administrative supplies at several state agency warehouses.
A study should be made of the cost benefit of consolidating warehouses under a single agency in the Jackson metropolitan area.

OPT reports private sector and government “best practice” now discourages warehousing in favor of “order when needed” contracts.

- (79) Mississippi has been slow to implement education reform initiatives and has not always consistently committed funding necessary to successfully and fully implement reform.
Mississippi legislative and education leadership should together develop a strategy to ensure full implementation of reform policies.
DOE has secured passage of legislation for the Adequate Education Program and Charter Schools.
- (80) While Mississippi has focused on many key reform initiatives over the last decade, there are critical pieces missing, including site-based management
The Legislature should allow public schools to adopt site-based management plans.
DOE has secured passage of legislation for Charter Schools.
- (81) Reform initiatives funded and implemented are not adequately focused enough on integrating children's services into the public education process.
The Legislature should enact reform initiatives focused on the linkage between children's services and public education.
DOE has made some progress but still believes the unfunded School Nurse Program offers the ideal link.
- (82) The state is unable to definitively measure the results of public education investments because measurable goals and objectives for student performance have not been established and linked to funding.
The Legislature should re-examine the goals and purposes of the public education system that have been articulated in Section 37-1-2 and clearly define measurable goals for Mississippi's public education system.
DOE has increased the number of variables used to assign accreditation levels from 13 to 38.
- (83) The state's mechanism for elementary and secondary education has become a complex and confusing patchwork over the last 40 years, both in the formulas for allocating the funds, as well as the revenue sources providing the funds.
The Legislature should adopt a funding strategy to consolidate and simplify the distribution of funds, provide increased equity, adequacy and flexibility and mandate ongoing accountability systems to evaluate school effectiveness.
DOE has secured passage of legislation for the Adequate Education Program which will raise all public school districts to a minimum of Level 3 accreditation.
- (84) Mississippi remains one of the last states to elect local superintendents. The issue of appointment versus election of local superintendents has been debated. The current public education governance structure creates a system of diffused accountability.
Establish a new governance structure for elementary and secondary education that protects the citizens's voice in public education while establishing clear lines of accountability for running our public schools. All local boards should be elected, and all superintendents should be appointed.

DOE has unsuccessfully proposed legislation requiring elected school boards and appointed superintendents; this will be part of its 1997 legislative proposals.

- (85) Federal and state health care programs pay for the majority of all medical care received withing Mississippi.

The cost of processing Medicaid claims was 1.5 percent of benefit payments made to medical providers, including state agencies, in 1994.

Market forces are determining where individuals receive care.

Mississippi should work with the private sector to reform its health care infrastructure prior to designing a statewide benefit program.

IHL has been instrumental in establishing the Jackson Medical Mall; DOH has provided information, statistics and draft legislation; DHS will place nurse practitioners at all state training schools with interface to UMC.

- (87) The primary mission of the State Department of Health is prevention - not home health care.

The Legislature should remove the barrier in MSDH enabling legislation and allow it to exit the home health market, sell its licenses and redirect revenues to its primary mission.

IHL & DOH note health care licenses must be approved by the Legislature.

- (88) Approximately 82 percent of states use only one state agency to determine Medicaid eligibility.

Persons needing annual redetermination by the Medicaid Eligibility Division do not need to go to a Medicaid office for processing.

There is an established mechanism for Medicaid eligibility determination through the Department of Human Services county offices.

Administration of the Medicaid Eligibility Division requires 24 regional offices, 56 administrative staff, 93 medical specialists.

Develop a transition plan to phase out the 24 regional Medicaid offices by contracting with DHS to determine Medicaid eligibility.

DHS considers itself a service provider to Medicaid and has no knowledge of the functions of Medicaid's 24 field offices.

Medicaid determines 60% of total Medicaid recipients and does not duplicate DHS activity.

- (89) Several alternatives to incarcerating Mississippi rapidly growing prison population are available and not being fully used.

Mississippi does not use many of the alternatives to incarceration that are in use in other states.

The state should focus on opportunities to make greater use of currently-approved alternatives to incarceration and examine implementing additional appropriate alternatives to incarceration being developed in other states.

4.9% of DOC's population is under house arrest; plans call for expansion of program.

- (90) Probation and parole programs cost significantly less per inmate than incarceration options.
Estimate and consider cost differentials between traditional incarceration and alternatives to incarceration when planning for future offender populations.
The Truth-in-Sentencing Law requires all inmates sentenced after 7/95 to serve 85% of sentence.
- (91) Neither the Department of Corrections nor Miss. Prison Industries maintains sufficient tracking information of inmate employment after release and recidivism rates.
An inmate employment and recidivism tracking system should be developed and maintained.
DOC plans to expand its pre-release centers and establish a recidivism tracking system.
- (97) The Medical Services Division is experiencing difficulty in hiring and retaining qualified medical personnel.
Medical staffing levels cause inappropriate use of guards to distribute medications to inmates and use of inmate labor within the hospital.
The Department should undertake a review of salaries and position requirements of the Division's medical staff to eliminate shortages and hire qualified staff.
DOC has completed salary surveys and filled all but one vacant position.
- (98) The Division lacks computerized medial records.
The division should work toward computerizing medical records.
DOC is implementing a computerized medial record program.
- (99) The Division's hospital is not accredited by national organizations.
The costs for inmate medical care are rising.
The Department should review how additional prisons and beds will effect the Medical Services Division and develop a plan for providing medical services.
DOC will seek full accreditation within the next 14 months.
- (100) The Department of Public Safety has sworn law enforcement officers serving in positions with specific job descriptions not requiring law enforcement powers or training.
DPS also has sworn law enforcement officers serving under general law enforcement job descriptions, although the job's actual day-to-day activities and responsibilities do not require law enforcement powers and training.
DPS should discontinue the use of sworn law enforcement officers to perform day-to-day job activities which do not require law enforcement powers or training.
DPS will replace sworn officers with civilians through attrition.
- (101) DPS job descriptions exist which require sworn law enforcement officers even though the position's day-to-day activities require no law enforcement powers or training.
DPS should discontinue the use of job descriptions which require a sworn law

enforcement officer but whose day-to-day activities do not require law enforcement powers or training.

DPS and SPB will examine all positions currently held by sworn officers.

- (102) DPS has an excessive number (89) of driver license examining offices.
DPS has only 20 automated driver license examining offices automated and on-line with the main computer in Jackson.
The number of driver license examining offices should be reduced and, thereby, reduce the number of offices that need to be automated.

DPS disagrees and will seek to expand the number of driver license examining offices.

- (103) DPS does not maintain statistical information on the workload of each driver license office.

DPS should collect appropriate workload data.

DPS notes the Driver License Bureau director already has the option to order the collection of such information.