

Title 4: Auditor

Part 2: Reviewing CPA Audits

Part 2 Chapter 1: Regulation Regarding Determination of Costs for Performing and Reviewing Audits

Rule 1.1 Determination of Costs for Performing Audits by the Office of the State Auditor. The Division of Financial and Compliance Audits currently has the responsibility for the following types of entity audits: Public School Districts, State Agencies, Local County Governments, Colleges and Universities.

When audit planning and scheduling are completed, the section directors responsible for each of the above audit types will notify the Director of Financial and Compliance Audit Division for approval.

During the engagement planning stage of each audit, the entity will be asked to sign an engagement letter which contains an estimated cost of conducting the audit.

- (a) All costs for preparing audits shall be billed to public entity.
- (b) All costs billed to the public entity will be based upon the actual time of the Office of the State Auditor employees used in preparing the audit.
- (c) All costs billed to the public entity will be billed at the rates provided by statute.

Source: *Miss. Code Ann.* §§ 7-7-201, 7-7-209 to 7-7-215, 7-217 to 7-7-221, 7-7-3, 37-37-5.

Rule 1.2 Determination of Costs for Reviewing CPA Audits. When audit planning and scheduling are completed and it is determined that the Office of the State Auditor staffing levels in the respective sections will not provide for timely completion of the necessary audits, the section directors responsible for each of the audit types cited in Section I will notify the Director of Financial and Compliance Audit Division. Upon approval from the Director of the Department of Audit, the section directors will notify the entities that they will need to contract their audit out to an Independent Certified Public Accounting Firm.

Mississippi Code Annotated § 7-7-211 provides that the Office of the State Auditor may contract with CPA firms to perform audits. In addition, Mississippi Code Annotated § 37-9-18 provides that school districts may contract with CPA firms to perform audits. In every case, the Office of the State Auditor is to review these audits of public entities performed by CPA firms.

- (a) All costs for reviewing audits prepared by CPA firms which have contracted with public entities as provided by § 7-7-211 or § 37-9-18 shall be billed to the public entity.
- (b) All costs billed to the public entity will be based upon actual time of the Office of the State Auditor employees used in reviewing the audit.
- (c) All costs billed to the public entity will be billed at the rates provided by statute.

Source: *Miss. Code Ann.* §§ 7-7-211, 37-9-18.