

## **Accountability Report Transmittal Form**

Agency Name - South Carolina Department of Revenue

Date of Submission – September 5, 2003

Agency Director – Burnet R. Maybank, III

Agency Contact Person – Suzie Rast

Agency Contact's Telephone Number – 803-898-5450

## I. Executive Summary

**Mission and Values:** The mission of the Department of Revenue is to administer the revenue and regulatory laws of this state in a manner deserving the highest degree of public confidence in our integrity, effectiveness, and fairness. To accomplish this mission, the South Carolina Department of Revenue will:

- Administer revenue and regulatory laws in a fair and impartial manner;
- Collect the revenue due the state;
- Recommend improvements to the laws administered;
- Ensure a professionally-trained staff of employees;
- Continually improve the quality of services and products; and
- Provide guidance to foster compliance with revenue and regulatory laws.

The values of our department are: Customer Focus; Equal Treatment; Integrity; Accountability; Continuous Improvement; Informed Decision Making; Knowledge; Teamwork; Open Communication; and Recognition.

**Key Strategic Goals** – Our strategic plan focuses our efforts in four Key Result areas with associated strategies. These are:

### **Key Result 1 - Maximized Compliance**

- Provide quality customer service
- Educate individuals, businesses, and tax professionals on regulatory, filing, and payment requirements.
- Reduce the stress, time, and cost of compliance by simplifying forms and instructions.
- Promote voluntary compliance with focused innovative enforcement.
- Work cooperatively with the Legislature to develop fair and simple tax laws.
- Use advancing technology to develop convenient alternatives for filing and payment.

### **Key Result 2 - Strong Stakeholder Relationships**

- Partner with stakeholders to understand and meet their expectations.
- Provide employees the tools, systems, and information to effectively perform their duties.
- Provide stakeholders the right information at the right time.
- Provide a variety of customer-friendly options to communicate effectively with stakeholders.
- Make processes streamlined, proactive, and responsive.
- Effectively market and promote Department of Revenue services available to stakeholders.

### **Key Result 3 - Effective and Efficient Agency and Enterprise Services**

- Identify, prioritize, plan, and implement flexible, long-term agency and enterprise services.
- Administer and continuously evaluate services to ensure stakeholder needs are met while adhering to rules, regulations, and statutes.
- Continuously evaluate and implement innovative technology to improve the quality and speed of service delivery while minimizing cost.
- Evaluate, provide, and manage agency resources to include equipment, facilities,

employees, services, and tools.

- Market services and communicate procedures and policies to educate stakeholders.

#### **Key Result 4 - Capable, Satisfied, and Diverse Work Team**

- Provide forward-thinking leadership that is creative, clear, innovative, and demanding of excellence.
- Actively recruit and employ highly qualified, diverse individuals who are committed to providing public service.
- Provide competitive compensation and recognition systems which thank employees for their individual and team efforts and encourage innovation.
- Provide comprehensive, meaningful employee training and knowledge management systems that use up-to-date techniques and technology.
- Ensure a flexible organizational culture that promotes high performance, lifelong learning, and employee satisfaction in a safe work environment.

#### **Opportunities and Barriers:**

##### **Opportunities**

- Keeping customers satisfied despite fewer offices and personnel create opportunities to overhaul our service delivery strategies.
- Focus on measurement refinement allows for greater control of processes.
- Privatized collections continue to increase stronger supplier partnerships.
- Purchase and implementation of the statewide financial package with SAP will allow for greater streamlined processes and efficiencies.
- Improved financial management can be realized through activity based costing and zero based review.
- Greater voluntary compliance is expected as a result of more extensive taxpayer education opportunities.
- DORBOS and SCBOS will provide more flexibility for taxpayers to manage their own businesses.
- Succession and workforce planning continue to be challenging.
- DOR would either like to move to a less expensive location or have our current rent costs reduced.
- Telecommuting provides an avenue to keep expertise and provide for greater productivity.
- The new vehicle valuation system will provide more reliable data to our county customers.
- Myrtle Beach area has high volume license sales and registrations necessitating reopening an office in the area.
- Motor Fuel Electronic Filing and Data Interchange with the Business One Stop continue to provide partnering opportunities with other state agencies, counties, and other entities.
- Reduced travel budget creates a greater focus on electronic audit and collection techniques, proper allocation of work to private collectors, and renewed focus on return-on-investment.
- A decrease in staff requires greater focus on mandated tasks and streamlining processes.
- NEXUS internet research and tape and data matching allow for greater discovery of areas of non-compliance.

- Data warehouse project will allow for storage and mining of internal and external data to identify non-filers and under-reporters.

### **Barriers**

- Continuing budget cuts continue to affect staff and program coverage capacity.
- Lack of pay increases and promotional opportunities, along with the level of stress affect morale and have resulted in some employees leaving.
- The loss of expertise/knowledge and future leaders as a result of RIF/TERI/retirement and separation incentives present critical management challenges.
- Approximately 40% of FTE's are eligible to leave between now and 5 years (16% TERI).
- Budget constraints that resulted in a reduction in force in September 2001 continue and have limited hiring since that time.
- The one percent sales tax exemption for eighty-five year olds is a substantial burden for retailers to comply with the guidelines and is a burden to determine who is eligible for the exemption.
- Abuse continues in regards to bingo locations operating as "Class C" games, which requires no bingo tax to be paid.
- There is no reimbursement to the agency for its role in assessing and collecting property taxes for local governments.
- Adoption of the Streamlined Sales Tax Model Act to simplify filing requirements for taxpayers would help insure that use taxes would be collected on internet sales, catalog sales and other sales originating out of state.
- Checkoffs on individual income tax returns for non-profit organizations result in a separate schedule being developed that allows for contributions to these organizations. Additional time will be spent by key entry personnel to process the schedules. At the same time, only \$297,468 was realized by the eight participating non-profit organizations for tax year 2002.
- The Controlled Substance Tax generated less than \$17,000 in fiscal year 01-02. The tax generates additional work for the agency without much benefit for the general fund.
- The special 10% tax on "900" calls generated less than \$11,000 in fiscal year 01-02. The tax generates additional work for the agency without much help to the general fund.
- Increased training to provide technical skills and grow leaders for the future is needed. However due to increased workloads, there is less time available to conduct or attend training.
- Highly technical jobs require multi-year training and development.
- Expanded responsibilities and changing work territories result in an increased learning curve.
- Potential cycle time increases as a result of fewer staff may impact customer satisfaction.
- Reduced participation in national forums creates less knowledge about national trends and innovations.
- Reduced collection and audit staff, along with the travel dollars reduction, results in dollars remaining uncollected.
- State procurement rules inhibit supplier partnering.
- Customer reluctance to participate in GEAR, SCBOS, and CAMA programs remains a challenge.
- The bad economic climate prevents growth in critical areas.

- Upgrades to technology are needed to improve revenue processing.

### **Major Achievements from Past Year:**

During FY 02 – 03, the Department of Revenue completed its third year of progress under its strategic plan. The strategic plan and annual business plan help us maintain focus on our major goals and objectives. While the strategic planning objectives teams made progress this fiscal year, not all goals were accomplished due to reduced resources. Also, we conducted an Amnesty/Reprieve program from October 15 – December 2, 2002, which required a great deal of our resources. This was our most significant achievement of the year.

A basic overview of the amnesty program is that a taxpayer could pay all of their eligible past due liabilities in full, and 100% of the penalty and 50% of the interest would be waived. The program ran from October 15 – December 2, 2002 and all payments were required to be received during this time. If a taxpayer didn't pay all of their liabilities during the amnesty period, an additional 20% collection fee was added to the tax.

Some of the results included:

- Collections of \$66.2 million from over 12,000 taxpayers
- Assisting in completion of 278 audits and clearing of 10 appeals cases
- 17,000 telephone calls and 3,800 walk-in taxpayers throughout the state
- E-pay added to the web site with 560 taxpayers utilizing the system
- Data bases cleaned up with 560 new taxpayer addresses

Other significant accomplishments this year were:

In our return processing area, improvements increased electronically filed returns to over 1 million, up from 600,000 three years ago. South Carolina has repeatedly been a national leader in electronic filing, being ranked # 3 in the nation this year. Total returns processed by DOR has grown from 4.5 million in 1990 to over 6.6 million this year.

Electronic collection processes also have allowed the agency to collect 63% of tax dollars electronically, up from 45% three years ago. Total collections by the agency have grown from \$3.7 billion in 1990 to over \$6.3 last year. Enforced collections have grown from \$127 million in 1990 to over \$300 million last year

Computer Assisted and Statistical Sampling Audit programs were expanded with a 62% decrease in case average audit hours and 198% increase in case average assessment per hour.

Strategic objectives accomplishments (see section 2.4 for the list of objectives for numeric references):

**1.1 Nonfilers:** In the individual income tax nonfiler area we generated over \$12 million in collections; in the use tax area we continue to exchange information with the other Southeastern Association of Tax Administrators (SEATA) states on a monthly basis. We have issued 294 assessments totaling \$436,935 and collected \$96,950; Nexus and Discovery Unit enjoyed its most productive year to date. One-hundred seventy-one companies have registered resulting in collections of \$7,051,920 compared to \$1.5 million in FY 1999.

**1.2 Revolutionize Reporting and Payment:** Our withholding tax initiative resulted in 38,000

quarterly returns filed electronically this year. The sales tax electronic data interchange program grew 31% this fiscal year with over 1,200 taxpayers in over 6,800 locations filing over \$1 billion.

DORBOS (**D**epartment of **R**evenue **B**usiness **O**ne **S**top) expanded the options to allow for various electronic payments over the internet. This fiscal year 11,194 transactions were processed with total receipts of over \$13 million through EPAY.

**2.1 Promote eGov and eBiz:** This year we focused on the broader implementation of the CAMA (**C**omputer **A**ssisted **M**ass **A**ppraisal) program by establishing a User Group whose goal is to enhance both the product and delivery to all county and DOR users.

**2.2 Develop a systematic stakeholder feedback system:** We held a number of focus groups this year to get feedback on our sales tax forms and the My Taxes internet based taxpayer information system. Additionally, the Director initiated a number of advisory groups to receive feedback. These include the Legislative, Local Developers, Economic Development, Alcohol Beverage Licensing, Hospitality, Blue Ribbon Corporate Law, and the General DOR Advisory Committees. We also continue to utilize the University of South Carolina Institute for Public Service and Policy Research to conduct our annual customer satisfaction survey. Results can be found in Category 7.

**3.2 Upgrade our Technology Infrastructure:** Completed the in-house Electronic Document Storage and Retrieval System allowing users to have documents available at their desktop versus obtaining paper documents for audit purposes. We also implemented a 2D bar code capture system for our corporate tax process.

**3.3 Governmental Enterprise Accounts Receivable Collections (**GEAR**):** During the 02-03 budget year, \$1,047,043.27 was collected by the GEAR program through direct pays from notices, payment agreements, and wage levies. Our debt set-off program continues to be an excellent collection tool for those entities who wish to participate in the program. Marketing efforts have continued throughout this year with one on one visits and presentations at seminars to potential customers.

**3.6 SCBOS (South Carolina Business One Stop) Drive the state's one-stop registration project:** In September, the DOR and the Employment Security Commission (ESC) began a joint on-line electronic registration process. New businesses can now register with the Employment Security Commission when they set up a withholding tax account through the SCBOS process.

**4.1 Workforce planning:** A number of initiatives are underway in the workforce planning arena which ultimately impact our workforce of today and to prepare us for the future. These initiatives are:

Employee Profile – Employees verify their information to insure accuracy in the SABAR system.

Using Tools More Effectively – We conducted a pilot project with our Alcohol Beverage and Licensing group to identify ways in which they can use technology more effectively.

Tax Law Training – We continue to align our training with our business needs. Therefore, our focus shifted to Amnesty/Reprieve training for current and temporary staff during the first half of the fiscal year. Once the Amnesty/Reprieve program was complete, we refocused on updating the various job aids and manuals and making them available on-line. For our customers we also continued to hold Sales Tax workshops around the state for specific industries.

Advancing Technology in Training – We implemented the use of WebEx through the SmartForce learning on-line environment.

Leadership Development – A total of 41 employees have been identified, nominated, and accepted in our Leadership Development Program called, Leadership for Results. Participants attend one session per month over a 12 month period to help them build leadership skills.

Department of Revenue Electronic Encyclopedia (DOREE) – This is our electronic approach to knowledge management. Our Content Management System is the software we use to publish to both our internal and external web sites, the technology infrastructure for DOREE. Content authors have been identified, trained in the software, and are publishing, maintaining, and inserting search capabilities in their documents. This allows not only our internal employees access to a vast storehouse of information, but our customers as well.

**How the Accountability Report is Used to Improve Organizational Performance**

In November, four state employees, two from DOR, one for the Employment Securities Commission, and one from the Office of Human Resources prepared an assessment and feedback report of our accountability report. Strengths and opportunities for improvement were identified and then prioritized. We continue to utilize that feedback report to guide us in making improvements.

**II. Business Overview**

As of the end of FY 02-03, the agency had a total of 721 authorized full-time permanent slots. Of those, 701 are state funded and 20 are other-funded. Only 578 positions were filled, leaving 155 positions vacant. These employees work in five offices throughout South Carolina and five major metropolitan areas across the United States. We also supplement our five main offices by staffing twenty-four “satellite” offices periodically throughout the month. Our permanent workforce has been supplemented by approximately 50 non-seasonal temporaries and up to 115 seasonal temporary employees during peak months.

**Accountability Report Appropriations/Expenditures Chart Example**

Use the chart for Section II Business Overview Item 3 in the accountability report.

**Base Budget Expenditures and Appropriations**

	01-02 Actual Expenditures		02-03 Actual Expenditures		03-04 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$24,125,880	\$22,989,256	\$22,309,206	\$21,341,043	\$21,650,629	\$20,778,354

S.C. Department of Revenue Accountability Report 2002 - 2003

Other Operating	\$11,347,806	\$3,357,199	\$11,124,813	\$4,522,175	\$9,472,797	\$3,220,974
Special Items	\$1,125,000	\$0	\$1,125,000	\$0	\$1,125,000	\$0
Permanent Improvements	\$65,000	\$50,000	\$3,000	\$3,000	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions to Subdivisions	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$6,483,003	\$6,288,794	\$6,402,185	\$6,194,975	\$6,019,457	\$5,857,282
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$43,146,689</b>	<b>\$32,685,249</b>	<b>\$40,964,204</b>	<b>\$32,061,193</b>	<b>\$38,267,883</b>	<b>\$29,856,610</b>

**Other Expenditures**

Sources of Funds	01-02 Actual Expenditures	02-03 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

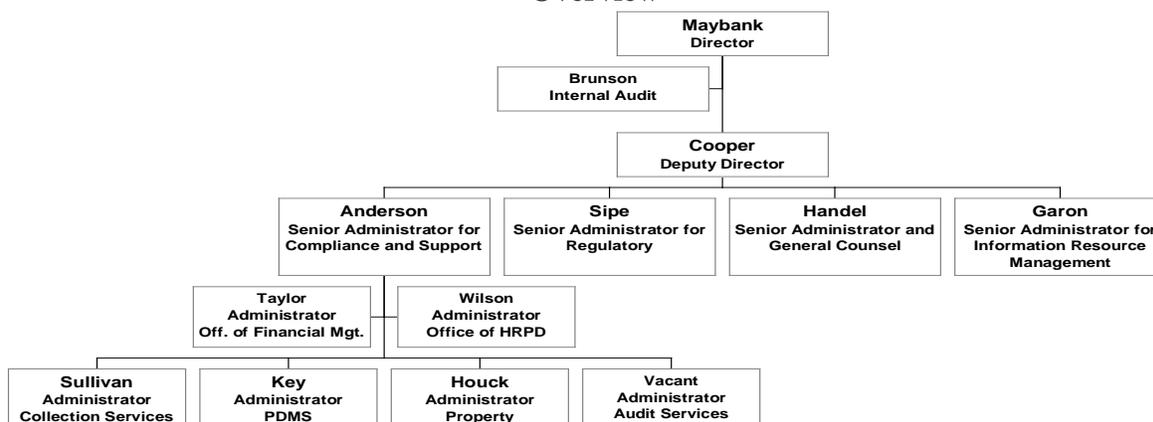
Our major customers are all those who use the state revenues we collect. A full listing of our customers/stakeholders is shown in Category 3.1. Our major products include: Processing; Enforcement; Taxpayer Assistance & Education; Property Appraisal & Local Government Support; Legal- Policy and Litigation; Administrative Support and Technology Support.

Our key suppliers are the citizens of South Carolina who supply us with tax revenues and information. We also rely on the Employment Security Commission and other state and local governmental entities, to supply required information. The Budget and Control Board's – Office of Information Resources is a major supplier of technology infrastructure for the agency. Traditional suppliers include Dell Computers, forms manufacturers, and other suppliers of services and supplies.

The South Carolina Department of Revenue is also a regulatory agency. We administer 32 state taxes and numerous fee, credit, and exemption programs. We process over 6 million tax returns annually and collect over 90% of the state's general funds of over \$6 billion. The agency also regulates and licenses retail establishments, bingo operations, and alcoholic beverage sellers. The agency is in direct contact with nearly every South Carolina resident and many non-resident taxpayers and corporations. We therefore manage our enterprise in a customer-focused, fair, and efficient manner.

**Organizational Structure:** Our organizational structure is shaped around core business competencies and support functions. The chart below shows that structure and leadership.

### South Carolina Department of Revenue Overview



### III. Malcolm Baldrige Performance Excellence Standards Leadership

**1.1a - f** Senior leadership in the agency consists of the Director, Burnet R. Maybank, III, a deputy director and administrators of each of the major operating units. The agency’s leadership sets, deploys, and communicates short and long term direction through the strategic planning process, the annual business planning component of that process, and the five-year business plans developed for agency level objectives. Each employee’s EPMS is tied to the agency’s four key result areas detailed in the Executive Summary. The strategic plan outlines our organizational values as described in the Executive Summary and include a focus on innovation, empowerment, knowledge, and ethical behavior.

**1.2** In FY 02-03, the leadership continued its focus on both internal and external customers by supporting activities for progress on our 12 major goals and the various underlying projects that are tracked at the agency level. These goals, objectives, and projects are tied numerically to the four key results of the strategic plan. Agency-level performance measures are likewise numerically tied to the key results. Management meets each Monday morning for reporting on these and other issues by our operational divisions.

Month-end performance is also scheduled for regular review by the management team. Progress on each annual business plan objective is compiled and reported quarterly.

**1.3** This year our goal was to refine our set of high level measures (dashboard measures) that are reported on a monthly basis. The set of these measures is listed in 4.1.

Additional measures are reviewed at the deputy and division level. Performance measures track processes that show improvements, potential problems, track performance to specifications, and indicate processes needing change.

**1.4** Quarterly coaching sessions with employees are utilized not only to review progress on objectives that are tied to our four key result areas, but also to obtain their feedback on their leadership effectiveness and the effectiveness of management throughout the organization.

Our Executive Development process continued this year in a further effort to improve leadership effectiveness. We also participate in and support the Certified Public Manager and Associate Public Manager programs, as well as the Governor's Excel program, and the Executive Institute.

Our values represent our guiding principles or the things about which we care most as we carry out our mission. Senior leadership not only models these beliefs, but also clearly and consistently articulates these values throughout the organization. Our intent is to demonstrate these beliefs in all our dealings with our external and internal customers.

Our senior leaders have been trained in quality management principles, team leadership, and performance excellence techniques. Leaders demonstrate their devotion to these principles by participating in training and teams and by using the quality tools and process.

**1.5** Current and potential impact on the public for our products, programs, services, facilities, and operations, to include associated risks, has been integrated into our strategic planning process. See Category 2.

**1.6** Priorities for improvement are determined by our strategic plan, performance measures, and subsequent annual objectives that tie to overarching five-year plans. See Category 2.

**1.7** The agency demonstrates its public responsibilities and practices good citizenship in many ways. Public trust is a vital component of maintaining high levels of voluntary compliance with the state's tax laws. We assure ethical business practices proactively through policy and training. Several teams work annually (1) to ensure compliance with implementation of new statutes; (2) to identify suggested improvements to the laws; and (3) to communicate advisory opinions and regulations to assist taxpayers. Direct e-mail, the Problems Resolution Office, monthly interviews, and the Taxpayer Advocate are avenues for citizens to resolve concerns. Our Contact Center is utilized not only to help the taxpayer, but to gain invaluable input to processes of the agency. We continue to train our Contact Center employees and see this as an integral part of the agency's listening and learning approach to gain input from the community at large.

The agency continues to be a leader in the government community. The GEAR (Government Enterprise Accounts Receivable) and SCBOS (SC Business One Stop) processes are but a couple of examples in which we have taken the leadership role. These projects have a direct positive impact on reducing the burden of compliance with our tax laws. We have also maintained a leadership role in the development of the Integrated Financial System which we plan to implement in DOR when resources become available. On the state level, our employees lead or participate in multi-agency teams to improve the processes of government. We have trained not only our employees, but also many from other agencies. We regularly facilitate teams in other agencies. We are actively involved with professional groups in leadership roles, such as the Federation of Tax Administrators (FTA) Best Practices and Benchmarking Team. Mr. Maybank serves on the Enterprise Zone Subcommittee; Coordinating Council for Economic Development; Member, South Carolina Board of Economic Advisors; South Carolina Agency Directors Organization; and on Governor Sanford's transition team. These collaboration efforts not only help us identify best practices, but also give us the opportunity to be a partner in continuously improving all governmental services for our citizens.

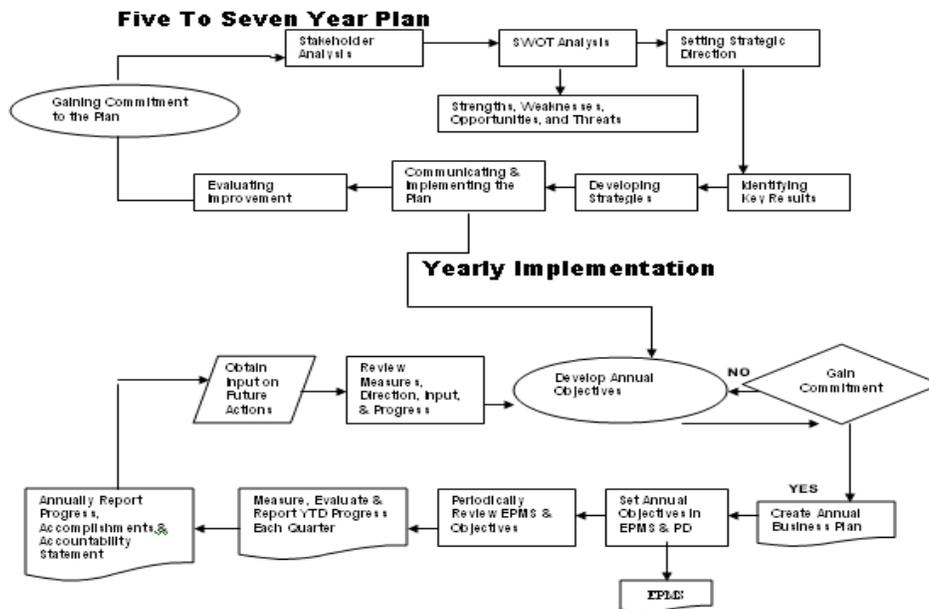
We partner with business groups, such as the State Chamber of Commerce, Municipal Association, Association of Counties, the Small Business Chamber, the Hospitality Association, the Manufacturers Association, the SC Hospital Association, and the SC Manufacturers Alliance, and others on joint projects. Our collaboration with state partners includes the Departments of Transportation, Health and Environmental Control, Commerce, Labor, Licensing and Regulation, and the South Carolina Education Lottery, to name but a few. We regularly serve as a pilot site with the Internal Revenue Service to bring taxpayer friendly programs to South Carolina citizens, such as issuing federal employer tax identification numbers. We frequently are called upon to make presentations to a wide variety of audiences about both taxation and our quality leadership approach.

Our agency actively supports other community groups, such as the United Way, the Good Health Appeal, United Black Fund of the Midlands, Cooperative Ministries, the Red Cross, Harvest Hope Food Bank, the Ronald McDonald House project, First Ladies' Walk for Cancer, and our community schools.

## Strategic Planning

**2.1** The agency's strategic plan is the basis for both our long- and short-term planning processes. We continued with year three of our five year plan. Our strategic planning process gives us a future-oriented basis for business decisions, resource allocation, and management and has helped us stay focused on those things that we determined were important and priorities for the agency.

We continue to keep focused on our customer and stakeholders through the research and analysis process which gathers input from employees, business and non-business taxpayers, elected officials from both state and local government, tax practitioners, media, other state agencies, government entities within the state, and professional associations. The graphic below shows our Strategic Planning cycle.



**2.2** Each annual business plan objective is expressly tied to strategic objectives and key results under the strategic plan. They are tracked through: (a) periodic presentations of the 12 objectives at the Monday management meetings; (b) quarterly year-to-date progress reports; and (c) monthly review of the dashboard measures which tie to our key results areas.

**2.3** The strategic plan was communicated in large group meetings with all employees and reinforced by sectional meetings within each division. In addition, other types of communication include other media such as e-mail, brochures, posters, and through communicating Monday morning meeting minutes in our *This Week* publication.

Deployment of this plan involves all agency employees. Each year each natural work team and project team sets objectives that target one or more of the strategies. Our Annual Business Plan addresses improvement opportunities at the team, operating division, and agency level. Progress is reported quarterly. Planning is an annual process that we believe not only aligns employee efforts with the issues of most importance to our agency, but also helps us monitor progress and use resources wisely. We have supplemented the annual business planning cycle with a five-year planning process that better ties the strategic key results with our annual business planning. Our five-year plans address 12 major initiatives we believe will focus our resources to better accomplish our key results for fiscal years 2001-2005. For new employees, an orientation session called "DOR-101" educates employees to the agency, the strategic plan, and the strategic planning process.

The significance of aligning individual duties and accountability to the strategic plan is underlined through explicitly tying job duties to key results on each employee's position description and EPMS. In addition, quarterly coaching sessions occur for each employee during the EPMS process. Part of that coaching includes reinforcement of the key results and the employee's unique responsibilities that will help us better accomplish our mission.

**2.4** Below is a listing of our 12 key strategic objectives. Note that progress on these objectives is detailed in the significant achievements portion of the Executive Summary.

**Key Result 1 - Objectives for Maximizing Compliance:**

- 1.1 Find and collect from nonfilers
- 1.2 Revolutionize reporting and payment

**Key Result 2 - Objectives for Strengthening Relationships with Stakeholders:**

- 2.1 Promote e-government and e-biz
- 2.2 Develop a systematic stakeholder feedback system
- 2.3 Develop seamless mainframe systems

**Key Result 3 - Objectives for More Efficient and Effective Agency & Enterprise Services**

- 3.1 Align to Performance Excellence Standards
- 3.2 Upgrade our technology infrastructure:
- 3.3 Implement statewide enterprise debt collection (GEAR – Governmental Enterprise Accounts Receivables)

- 3.4 Partner for a statewide integrated financial package capable to implement activity based costing and zero based budgeting methodologies.
- 3.5 Become the state's enterprise remittance and data capture processor.
- 3.6 SCBOS (South Carolina Business One Stop): Drive the state's one-stop registration project.

#### **Key Result 4 - Objectives for maintaining a capable, satisfied and diverse work team**

##### **4.1 Workforce planning.**

2.5 A listing of our key results and objectives is located at <http://www.sctax.org> then click on the Strategic Plan button.

### **Customer Focus**

3.1 Through our strategic planning process and implementation, the agency's key customers and stakeholders have been identified as those who use state revenues; the agencies that rely upon state revenues; individual and business taxpayers of the state; tax practitioners acting on behalf of those taxpayers; regulated businesses; statewide property taxpayers; local governments; elected officials; and federal, state and local governments. We define our customer groups by the products and services they require. This allows us to determine and fulfill our customers' key requirements by asking questions, defining terms, setting standards, and employing continuous improvement methodologies. Strategies are then built to address those requirements. Below is a complete listing of our major customer groups, and methods employed for building positive relationships.

#### **All stakeholders**

Publications and brochures  
Taxpayer Assistance Officers  
Taxpayer Advocate  
Taxpayer Education  
Problems Resolution Office  
Automated Tax Help Line  
FormsFax and Web Forms  
Email systems  
Five Regional Offices  
Satellite office hours at 24 locations in SC  
Award-winning web site  
TaxsmART  
Summary of current year's new tax legislation  
Policy document listserve  
MySCTaxes project 1.2  
Experts on TV  
Speakers Bureau/Public Speaking/Toastmasters  
Direct Check, epay projects  
Credit card payment options  
Contact – Customer Research Center project  
**Elected Officials**  
Revenue collection and reporting  
Legislative liaisons  
Drafting assistance

Courtesy calls  
Constituent services  
Proactive response to issues  
Survey  
**Other state agencies**  
Revenue collection and reporting  
SCBOS  
Tobacco settlement enforcement  
JDC workshops with Commerce  
MySCGov.com coordinating payment modules and publications  
Dyed Fuel Program  
Use Tax compliance information  
Check stuffers at filing time  
Seats in our training sessions  
Statewide Training Coordinators Group  
GEAR  
Debt set-off program  
**Individual taxpayers**  
Forms drive through  
VITA volunteers  
Public access computers for online filing at each office  
Publications for new residents, military, college tuition credits

## S.C. Department of Revenue Accountability Report 2002 - 2003

SCNetFile, Telefile, web extensions and declarations  
Local telephone numbers for telefile  
Outreach to high schools, vocational schools,  
prisoners re: filing taxes  
Fastfile outreach  
**Business taxpayers**  
Sales tax listserve  
Workshops  
SCBOS/DORBOS  
JDC workshops  
Business development  
Economic Incentives book  
Corporate Income Tax summary published with the  
Bureau of National Affairs  
Special efforts related to sales tax holiday  
Special efforts related to the 1% exemption on food  
**Tax practitioners**  
Forms design teams  
Joint seminars with IRS/ERO  
White-collar crimes course  
Articles in the CPA newsletter  
Speakers at CPA seminars  
Fed/State filers' handbooks  
**Regulated Businesses (bingo, alcoholic beverages);**  
ABL tracking process  
Bingo processing system  
Bingo paper rules  
Working to allow electronic daubers.  
**Statewide property taxpayers (e.g.,  
manufacturers, motor carriers, utilities, car lines)**  
Changes to FILOT (Fee In Lieu Of Taxes)  
Adding BPP (Business Personal Property) review

Streamlining Motor Carrier Property Tax  
administration  
**Local Governments (property tax administration,  
local option taxes, index of taxpaying ability,  
exemptions);**  
Refund offset  
GEAR  
CAMA  
Motor Carrier Audits  
FILOT  
Motor Vehicle Assessment Guides  
Visits to counties  
Seminars sponsored for county officials  
Focus groups on processes affecting counties  
Adding listserves for policy documents/comment  
**Federal Government**  
IRS refund offset  
IRS Fed/state liaison  
IRS classes  
Streamlined sales tax initiatives  
**Other state governments**  
SEATA  
FTA  
Exchange of use tax information  
Below the rack task force  
Supply motor fuel training instructors nationwide  
FTA listserves for internal audit, commissioners,  
training  
**Software developers**  
Product testing  
Links to their web sites

**3.2** We seek customer-friendly feedback vehicles. Our web site is an avenue for our customers to provide feedback and access services. All notices that are sent by the agency contain a telephone number for customers to make inquiries and suggestions. Our annual Customer Satisfaction Survey conducted by the University of South Carolina is another vehicle for us to gain feedback from our customers. We also continue to utilize our Contact Center coupled with our long-standing audit survey and regional manager survey processes that allows us to gain insight from callers, walk-ins, and survey respondents on problems, preferences, concerns, and trends.

**3.3** We view every complaint or comment as a gift and an opportunity to improve our services. Strategies for agency level objective 2.2 included holding a number of focus groups to get feedback on our sales tax forms and the My Taxes internet based taxpayer information system. We conducted a number of sales tax workshops throughout the year, including workshops to educate customers on how to fill out the forms and we use participant evaluation/feedback forms to identify additional opportunities for improvement. Additionally, we continued our focus on developing methods for the Contact Center to obtain structured, systematic, stakeholder/customer feedback. The Contact Center and Taxpayer Assistance personnel use a software (HEAT) system to track their calls and visits, giving useful information for stakeholder feedback. We are also using HEAT to track the reasons for contacts so that our communications can be improved.

Furthermore, we continue to capitalize on the best practice of including tax practitioners, tax accountants, CPA's, and taxpayers in our forms design teams. This supplier-customer input has proved invaluable in simplifying content and format of information on our tax forms.

**3.4** The agency has employed several methods to collect customer satisfaction input and determine the strength of our relationships. These include:

- Monthly customer satisfaction interviews.
- Postage prepaid customer comment cards.
- The University of South Carolina's Institute of Public Service and Policy Research Biannual Survey of the South Carolina Public includes our annual satisfaction survey on overall service delivery, quality of information received, and the ease of the process. See Figure 7.1.1.
- Taxpayer education initiatives, such as our Sales Tax Workshops and our Clemson Workshops are used in part to measure customer satisfaction.
- Focus groups when developing forms and notices help us ascertain when we are doing things well or poorly.
- The Taxpayer Advocate's Report is a measure of the number of types of complaints, the resolutions of those complaints, and the processes that have been changed as a result.
- Sales Tax Forms workshop sessions always provide valuable feedback from taxpayers on services that are needed or that can be improved.

**3.5** Most taxpayers will voluntarily comply if the instructions are clear, understandable, and simple. The agency coordinates workshops, keeps abreast of trends, and organizes collaborative projects to eliminate governmental redundancy and improve service. We continue expanding the capabilities of business registration web sites. DORBOS is the DOR's Business One Stop Registration system to make it easier to start a business in South Carolina. Both DORBOS and SC Business One Stop are online systems that provide the information needed to get the right business licenses and set up tax accounts. Our partnership with the Employment Security Commission (ESC) to establish a joint electronic business registration has proved extremely successful. Virtually all of our customer comments related to the process have been extremely positive.

The agency holds workshops to update taxpayers on tax law changes and forms revisions (i.e., Clemson Individual Income Tax Workshops, Small Business Workshops, and Sales and Use Tax Workshops). Additionally, workshops are scheduled with local government officials, County Auditors, Treasurers, and Assessors in partnership with the Comptroller General and the Department of Public Safety, to address new tax legislation that affects these entities. Other regional workshops are conducted on a variety of tax matters. These workshops allow us to gain valuable input to our processes as well as help to build positive relationships with these customer groups.

The agency has structured ways in which to educate and be responsive to the various needs of our customers. Our web site contains tax information, tax policies, tax regulations, and opinions.

Taxpayer assistance officers are trained to deliver the service our customers expect. A tax helpline and our web site's frequently asked questions section also answer taxpayer questions.

Each April, citizens greatly appreciate the agency’s “forms drive-through” service at the Columbia office, which allows taxpayers the ability to pick up their state and federal tax forms without leaving their automobiles.

In response to customer input, the agency employs a variety of methods for customers to file taxes and obtain forms. Our web site allows for certain tax filings, and both current and past year tax forms are available. Also available via the web site and our Refund Hotline is refund status information. Internet filing is available, as is the touchtone telefile program that utilizes touch-tone phones for individual income tax, business sales (\$0 owed), and withholding (\$0 owed). We now have the ability to accept credit card payments over the web and telephone for filings and for delinquent taxes via an Interactive Voice Response (IVR) system. “Individual Income Tax Fast Facts” on the web has proved to be a valuable tool for our customers. This avenue allows taxpayers to check the frequently updated page to determine where we were in the processing of returns (numbers processed, date of mail being processed).

The method of defining our customers by the various products and services we deliver has proved to be extremely helpful in differentiating between our numerous customer groups. As a result, this year we initiated industry specific sales tax workshops as one method to address their particular concerns.

## Information and Analysis

4.1 The goal for the 02–03 fiscal year was to refine our list of “dashboard” measures and to more clearly tie them to the key results of the strategic plan. The listing follows:

### Dashboard Measures

<b>Key Result 1 Measures</b>	
Total Collections (% last year)	KR 1 – V
Total Enforced Collections (%last year : % projection)	KR 1 – U
Budget to Projections – BEA	KR 1 – T
<b>Key Result 2 Measures</b>	
Contact Center – Abandoned Call Rate	KR 2 – DB5
Contact Center – Response Time	KR 2 – DB6
Contact Center - # Calls by Tax Type	KR 2 – DB7
Customer Satisfaction Survey Results	KR2 – H
Achievement of Minority Business Goal	KR2 – DB36
Refund Cycle Time – IIT Paper	KR2 – E1
Refund Cycle Time – IIT Electronic	KR2 – DB16
Refund Cycle Time – Sales	KR2 – A
Refund Cycle Time – Withholding	KR2 – B
Refund Cycle Time – Corporate	KR2 – C
Refund Cycle Time – Motor Fuel	KR2 – D
<b>Key Result 3 Measures</b>	

S.C. Department of Revenue Accountability Report 2002 - 2003

Cost per Dollar Collected	KR3 – D
% of IIT Returns Received Electronically	KR3 – R1
% of Sales & Use Tax Returns Received Electronically	KR3 – R2
% Dollars Deposited Electronically	KR3 – B
Deposit Opportunity Cost	KR3 – T
Total Number of Transactions/Returns Processed	KR3 – N
Debt Collected by Setoff	KR3 – O
<b>Key Result 4 Measures</b>	
Voluntary Resignations	KR4 – F
Average Sick Leave Used Per Employee	KR4 – K
EEO Parity Rate	KR4 – DB35

The agency continues to utilize these measures in the senior leadership appraisal system and they are aligned with the strategic plan and the managers’ areas of responsibility.

**4.2** Agency level measures are reviewed at management meetings periodically so that timely information is available for decision-making. The information reported states the related key result, measure type (input, output, outcome); location of the data and charts; averages for the last five years, goals for this year; goals for five years hence; contact person; definitions; data sources; description of why the measure is important; factors that affect performance; analysis of current performance; and an image of the current performance chart. All dashboard measurement data is located in the “shared” directory of our Local Area Network and is accessible to our employees

**4.3** The agency continues the process of activity based costing (ABC) to determine costs associated with each of our numerous processes. The new integrated financial software, which we are partnering with other state agencies to purchase, when funds become available, and implement, will be complementary to our ABC efforts. Greater productivity and efficiencies could be realized with the new statewide software system. Systems mapping is yet another, integral step in the ABC process and continues to enhance the decision making on allocation of dollars and personnel to achieve effective use of resources.

Many of our performance measures are geared to customer expectations. One of these measures is the cycle time for issuance of a refund, often the only contact that taxpayers have with the agency. A short refund cycle is a key indicator of customer satisfaction. The improvements in refund cycle time for our individual income tax and sales tax processes are attributable to electronic filing initiatives, process improvements, and resource allocation. Results of these improvements are detailed in the Business Results section, Figures 7.1.2 and 7.1.5. Despite this year’s challenges, the individual income tax processing was completed one month earlier, saving temporary staff salary expenses and better satisfying customers. Another measure is the timely deposit of revenue. Our external customers including the Governor, the Treasurer, and General Assembly, expect the agency to deposit revenues timely to maximize earnings on investments. See Figure 7.6.3.

The agency monitors electronic fund transactions and electronically filed returns; both allow us to reduce processing costs. We also continue to benchmark South Carolina's participation rates with those of other revenue agencies and we still are leaders in this effort, ranking third in the nation. Our total electronic payments average over 63% per month of total deposits. As a statutory incentive to participate in our electronic payment process, the discount rate to retailers who file electronically was raised from \$3000 to \$3100.

**4.4** The agency continues to participate in the national movement by state revenue agencies to report performance measures that are common to all. While these measures serve as benchmarks, all revenue agencies around the country are experiencing similar budget concerns which has somewhat stalled the expansion of this process. To date, 35 national performance measures have been identified that measure service delivery. Areas being measured link directly to customer satisfaction, compliance, rework, timely deposits, and recognition of funds. Many of the measures demonstrate effective use of resources, and are a monitor for expected outcomes. They give the agency an accurate reflection of its operating positions in comparison to other revenue agencies.

The agency participated for the second year in an international survey conducted by the New Zealand Revenue Department which allows us to benchmark on technology issues worldwide.

## **Human Resources**

**5.1** The agency is organized in each division and section with natural work teams that have specific responsibilities. These teams are empowered to cross team and division lines to communicate issues and collaborate. Cross-divisional work teams are appointed to work on substantive improvements and implementation that are projects identified through the annual business planning process and tie to one of the twelve major objectives of the strategic plan. The talents and initiative of our employees are the ultimate keys to our success. The use of teams, that represent the affected processes under investigation, encourages and motivates employees to solve problems and make continuous improvements.

All Position Descriptions are written to tie directly to the mission of the organization. All EPMS documents have been rewritten to tie directly to our strategic plan. In addition, more than 50% of our non-management workforce has a Career Development Plan that ensures progression in knowledge and skills and encourages employees to develop their potential. We, however, have been unable to fund pay progressions through the Development Plans though we continue to encourage employees to build their skill levels.

Our long-standing STAR (Suggestions, Thanks, And, Recognition) program continues as the main vehicle for employees to make suggestions.

The agency has committed to its employees by providing state-of-the-art computer equipment by "bulldozing" every two years with leased equipment. This process takes place early in FY 03-04. We also provide up-to-date software to our employees to give them the tools they need to best serve our customers.

Our weekly publication, *This Week*, keeps employees informed about happenings in the agency, as well as provides a summary of weekly executive staff meetings, relevant data, upcoming events, and employee news.

**5.2.** This year we have focused on e-learning, Rev'n U, to provide just-in-time training without travel costs. We have eight courses currently available for on-line users. We also utilize SmartForce e-learning which offers 266 courses of primarily technical content. When traditional classroom training is utilized, it is augmented with accelerated learning techniques. We have both a technical training initiative and a quality and leadership initiative.

Our formal Job Development Plans for the non-management workforce requires development of specific skills and duties. Teaching and training are required for certification and progression to the next step of each plan. Each employee can reach the top of the individual plan with dedicated effort.

Despite our budget situation, we have reinstated full tuition reimbursement for our employees seeking a higher education. Our variable work week or work hour options assist those interested in completing accounting hours or degree requirements to qualify for entry into another job area in our agency.

The agency has long held a leadership role in the state for our quality improvement and leadership training. For the last 13 years we have introduced our employees and many from other agencies to the quality tools and process through our quality and leadership training plan. A draft of the new Leadership Development Plan was developed this year. A total of 41 employees were identified, nominated, and accepted into the program, called Leadership for Results, which will begin in the first quarter of 2003-2004. Participants will attend one session per month for the next 12 months with training designed to help them build leadership skills. While two sessions will be offered each month to allow participants flexibility in scheduling, an on-line version of each of the modules was purchased so that participants who could not attend a session have the opportunity to learn the concepts. The Executive Development Program (XD) was revamped to meet bi-monthly. Speakers for the meetings will be invited and coordinated by participants.

Additional training opportunities the agency endorses include: Regional and national tax administrator courses, Motor Fuel task force classes (as trainers and participants), CPE Training; Tax Law, Technical Skills, quality and leadership training; Certified Public Manager; Associate Public Manager; Executive Institute; and the Governor's Excel program. We also offer the Weeks Scholarship for employees' children and employee tuition reimbursement. When new employees are hired, we introduce them to the agency through our orientation course, DOR 101.

**5.3** The agency's approach to managing employee performance is through formal quarterly EPMS coaching sessions. All employees' planning stages include specific ties to the agency strategic plan; therefore these sessions allow for a free exchange of information to support continued high performance within the agency. Other successful components of our performance management system include: training development plans, universal review date for

managers that ties to the timeline of the annual business plan, and formalized succession planning.

**5.4** Employee well-being and satisfaction is a significant indicator of return on our investment. Our measures include results of focus groups, exit interview feedback, turnover, absenteeism, and grievance statistics. We couple the diversified state benefits package with other initiatives that have proven successful, such as ongoing health screenings and stress reduction programs, exercise room, basketball equipment, softball team, and reading group. An ergonomics audit was completed and significant improvements were made. Tuition reimbursement and variable work week or work hour options assist employees in balancing their lives and professional development needs. The availability of a laundry pickup and delivery service, childcare referral, and postal services in the main office building has been well received. The Employee Assistance Program is available to all employees. Formal appreciation events included an ice cream social held by management for all employees and our Lunch with the Director program. Many work groups organize their own recognition celebrations on an ongoing basis.

**5.5** Initiatives in this area include: ergonomics and air quality studies; health screenings, flu shots, a renovated and upgraded exercise room, walking club, weight loss club, CPR training, on-site mammography, and Weight Watchers on-site.

**5.6** Community involvement initiatives include: United Way, Good Health Appeal, savings bonds, Lunch Buddies in public education, United Black Fund of the Midlands, blood drives, and Cooperative Ministry's Back-to-School Supply Drive. We regularly encourage and recognize individual community involvement and professional involvement.

## **Process Management**

**6.1 – 6.4** The agency is aligned to its identified core processes. Below is a table identifying these. (Figure 6.1.1) **Note:** Support processes are included in the Administration category. All products and services, which are either in place or to be designed, link to one of the core processes. The agency was introduced to a process whereby customers/stakeholders are defined by the products or services they receive, whether they are internal or external customers/stakeholders. This design and delivery model (Figures 6.1.2 and 6.1.3) forces us to look at how we can incorporate new technology along with changing customer and mission related requirements and has given new insight to help us develop and implement appropriate improvements to our process. This model is the way in which we review all of our current processes for improvement opportunities or design new processes. It shows how we ensure customer/stakeholder involvement.

S.C. Department of Revenue Accountability Report 2002 - 2003

<b>Core Processes</b>	<b>Sub-Processes</b>	<b>Stakeholders</b>
Revenue Processing & Allocation	Forms Design and Management Mail Processing Records EFT/EDI Electronic Filing/Payment Enforced collections deposits/cash management Payment Processing Return Processing Refund Processing Data Collection Data Management Data Dissemination Statistics Revenue allocation Local Option Taxes Property Taxes Motor Fuel Taxes Dry cleaning \$9 million road/gas fund Accommodations Tax Index/Ratio Lists of corporate officers	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners Citizens Comptroller General
Registration, Licensing, and Exemptions	Registration Licensing Code Enforcement Determine Exemptions Oversight Local Government Assistance Question Answering	Elected Officials Other agencies Governments Business Taxpayers Practitioners Citizens
Valuations	Manufacturing Property Utilities, carlines Business personal property FILOT Motor Vehicle guides Motor Carrier	Local Governments Department of Public Safety Department of Transportation
Compliance	Audits Data Reconciliations Collections Code Enforcement Process Regulatory Violations Criminal Investigations/Prosecutions Assist Other Agencies/Governments	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners
Guidance, Education, Marketing, and "Answers"	Policy Decisions Problems Resolution Contact Center Taxpayer Assistance Officers Speakers Bureau Taxpayer Rights Advocate Training Resource Rings Rev'n U DOREE Publications	Elected Officials Governments DOR Staff Non-Business Taxpayers Business Taxpayers Practitioners Citizens

S.C. Department of Revenue Accountability Report 2002 - 2003

	New Legislation Guide Annual Report Teletopics Legislative Affairs Press Releases Forms Policy Documents Assist Other Agencies Local Government Liaison Provide Statistics/Data Education and Training	
Dispute Resolution	Mediation Negotiations Error and Assessment Notices Error & problem resolution Taxpayer Advocate Appeals ALJ and court cases	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners
Administration	Human Resources Planning and Development Information Technology Facility Management Financial Management	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners DOR Staff

**Fig. 6.1.1**

## Diagnosis Worksheet Instructions

---

### Describe the system

1. Identify the product (and its producer) around which the symptoms/objectives seem to be centered.

Product – A deliverable created by work activity. Products are nouns, countable, and can be made plural with an “s”. Be as specific as possible. Examples include: PC repairs, purchase orders, financial audit reports, grant applications, strategic plans, etc.

2. Identify the end users of the product. End users are customers who actually use the product to achieve a desired outcome. They are the people we had in mind when we created the product.
3. Define the outcomes (results) expected of the product for the end user(s) and the producer.
4. List the key product attributes likely to be expected by the end user(s). Examples include easy to use, fast, simple, accurate, etc.
5. Describe the major steps of the process that produces the product.

### Check Vital Signs

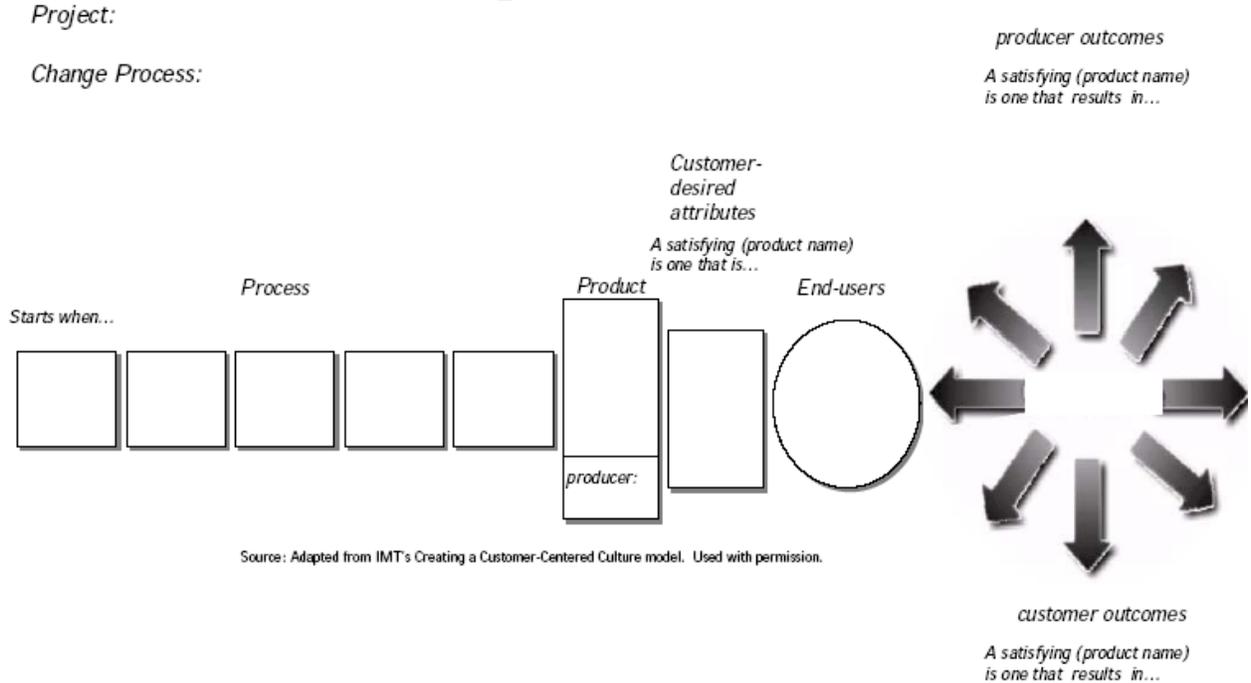
6. Does the product meet the end users expectations?
7. Is the product achieving the desired outcomes?
8. Is the process able to produce the product accurately?
9. Is the process able to produce the product in a timely manner?
10. Does the process take too long?
11. Does the process cost too much?
12. Is the process too complex?

### Select Appropriate Change Process

© Ken Miller, [The Change Agent's Guide to Radical Improvement](http://www.changeagents.info), 2002. [www.changeagents.info](http://www.changeagents.info)

**Fig. 6.1.2**

## *Diagnosis Worksheet*



© Ken Miller, *The Change Agent's Guide to Radical Improvement*, 2002 www.changeagents.info

**Fig. 6.1.3**

Additionally, the DOR Manual is published and located where all employees have access. It provides a mechanism to ensure that we meet our key performance requirements and mandates in both our delivery and support processes. The table of contents, Figure 6.1.4, is the key navigation tool as it includes links to the various areas indicated.

### **South Carolina Department of Revenue (DOR) Manual**

#### Introduction and Overview

**Manual's Purpose:** The purpose of this manual is to document what DOR is doing, changes made and why such changes were implemented. The manual also links DOR mandates to the Division and Section responsible for the tasks and processes that carry it out. A brief history of the Next Steps Process that generated many of the changes is also provided.

<b>Chapter I Strategic Plan, Annual Business Plan, Overview</b>
<b>Chapter II Critical Products and Other Tasks</b>
1. <b><u>Deposits</u></b>
2. <b><u>Revenue Distribution and Reports</u></b>
3. <b><u>Refunds</u></b>
4. <b><u>Verifications</u></b>
5. <b><u>Dispute Resolution, Assessments, Appeals</u></b>

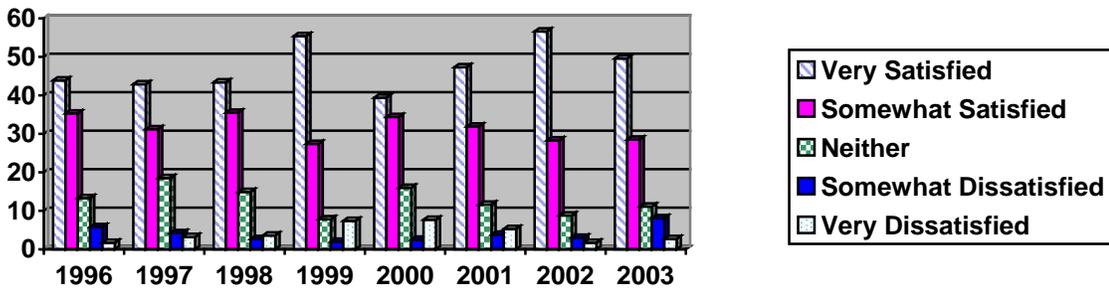
<b>6. Licenses &amp; Exemptions</b>
<b>7. Valuations</b>
<b>8. Answers</b>
<b>Chapter III Next Steps</b>
<b>Chapter IV Organizational Charts</b>
<b>Chapter V Updating Information</b>

Fig. 6.1.4

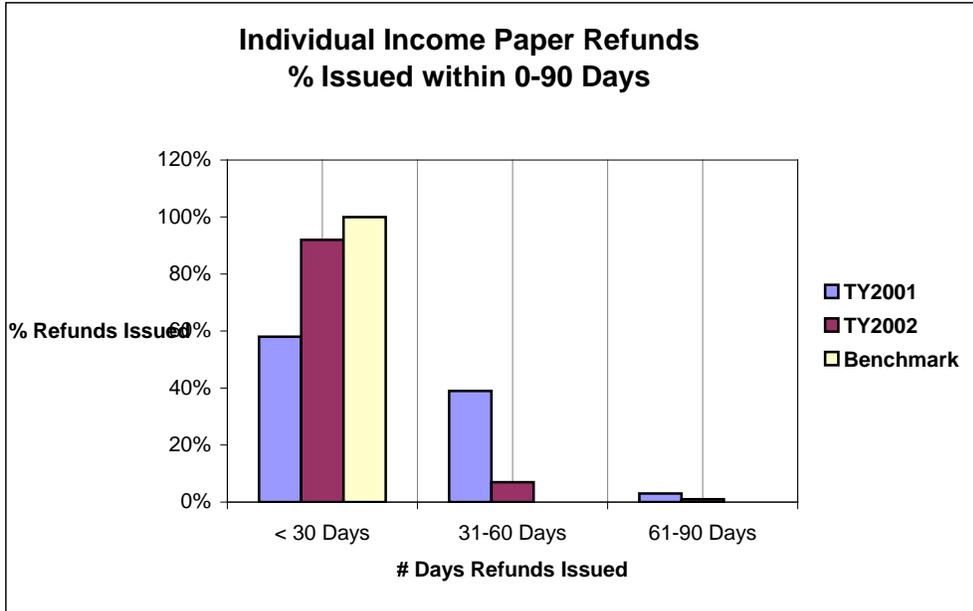
**Business Results**

**7.1 Customer Satisfaction** The agency continues to use a market based survey conducted by the University of South Carolina to determine customer satisfaction with service delivery. The results of the survey (Figure 7.1.1) indicate that 89.2 percent of the time the agency met or exceeded the expectations with the service delivery. While the trend over the past eight years continues to show positive results of our emphasis on customer satisfaction, there was a small decline this year, though not statistically significant.

**Satisfaction with Services Received (Fig. 7.1.1)**  
 Asked only respondents who had contact with the department in the past year.

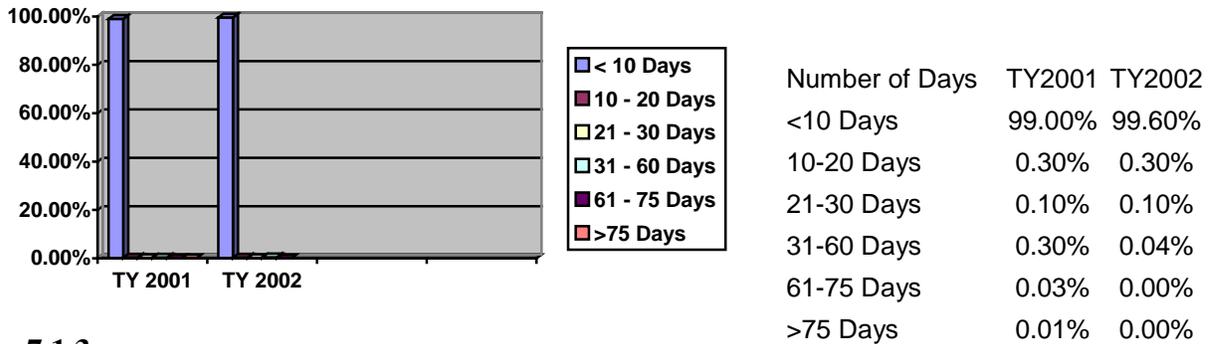


Individual Income Tax filers are our largest customer segment. Receiving their refund quickly is their expectation and the DOR delivers. Figure 7.1.2 indicated that 99% of the refunds from paper returns are issued within 60 days from the date of receipt in our Mail Center to date of refund mailing or direct deposit of the funds. Furthermore, we have made great strides in our electronic processing of Individual Income Tax returns and the subsequent issuance of refunds. Figure 7.1.3 shows that we issued electronic refunds 99.6% of the time in ten or fewer days. The USC survey asks how satisfied respondents were with the refund cycle time, Figure 7.1.4 shows that they are satisfied 95.2% of the time.

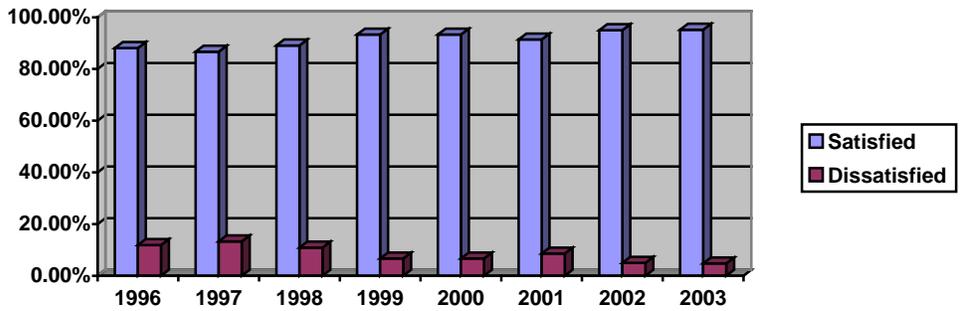


	TY2001	TY2002	Benchmark
< 30 Days	58.00%	92.00%	95.9%
31-60 Days	39.00%	7.00%	3.6%
61-90 Days	3.00%	1.00%	0.1%
> 90 Days			0.4%

**Fig. 7.1.2**

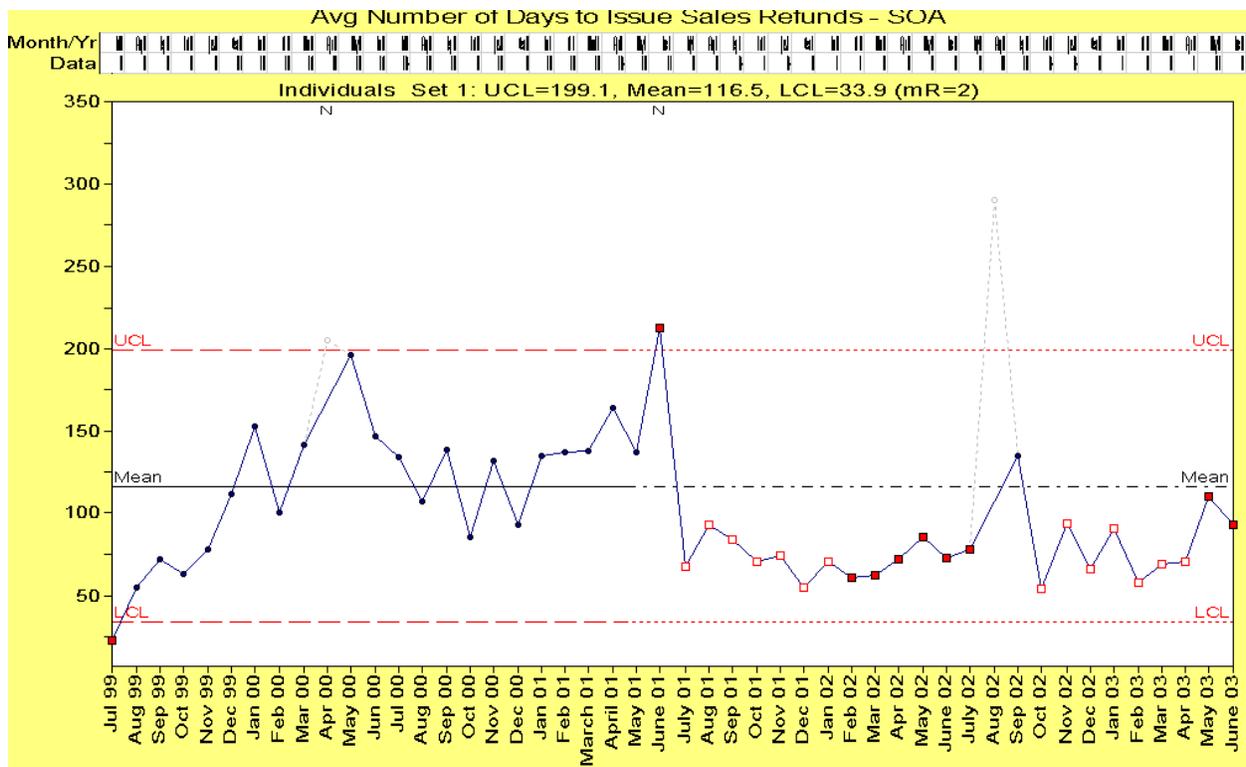


**Fig. 7.1.3**



**Fig. 7.1.4**

Sales tax filers are our next largest customer group and again, refund cycle time is important to them as well. Figure 7.1.5 indicates that we have averaged below our historical average of 116.5 days. Our FY 02-03 average is 94.5 days. While this is an improvement over the historical average, it represents an increase over last year as a result of fewer resources being focused on this process and more interest being paid on refunds over 75 days.



**Fig. 7.1.5**

Finally, measures of our Business Tax and General Contact Centers have a direct relationship to customer satisfaction. Figures 7.1.6 and 7.1.7 show how we have been able to improve our call wait time with the increasing number of calls received. This data is available “real time” to the managers to allow for immediate adjustments, when necessary.

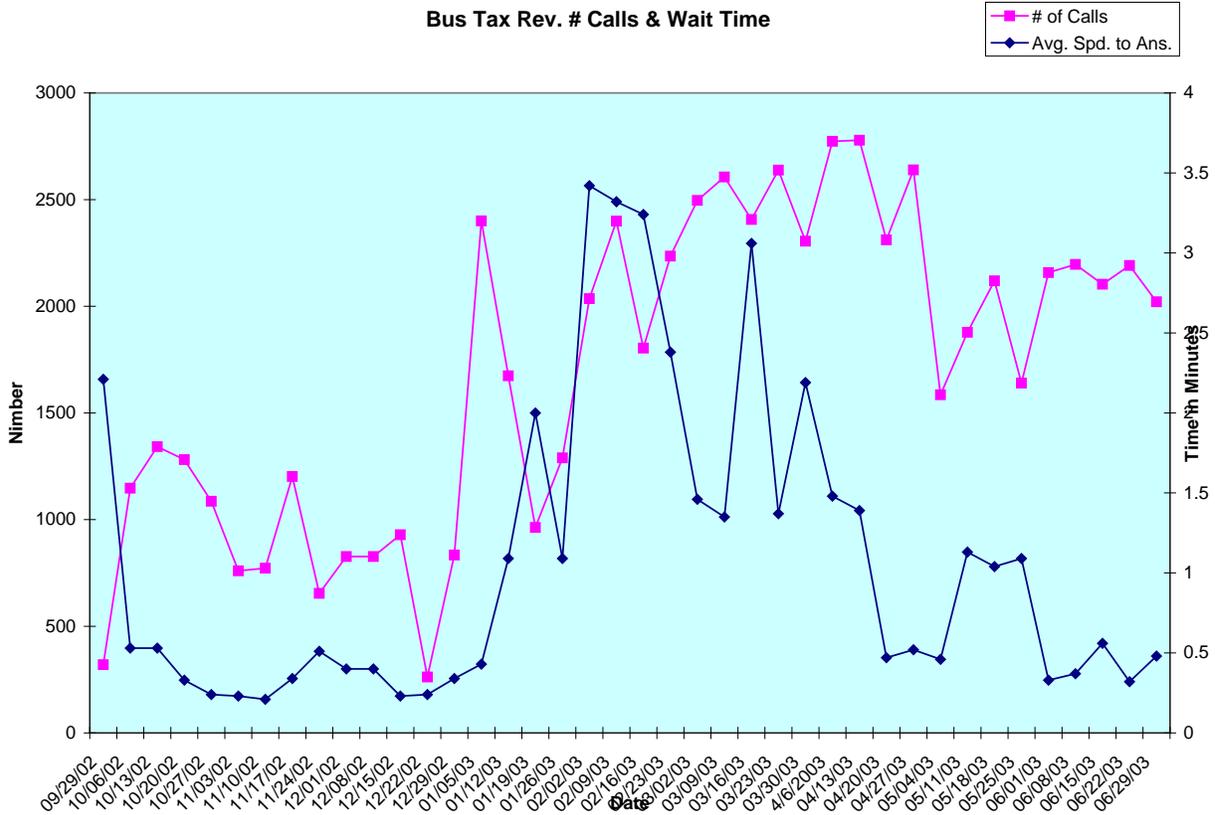


Fig. 7.1.6

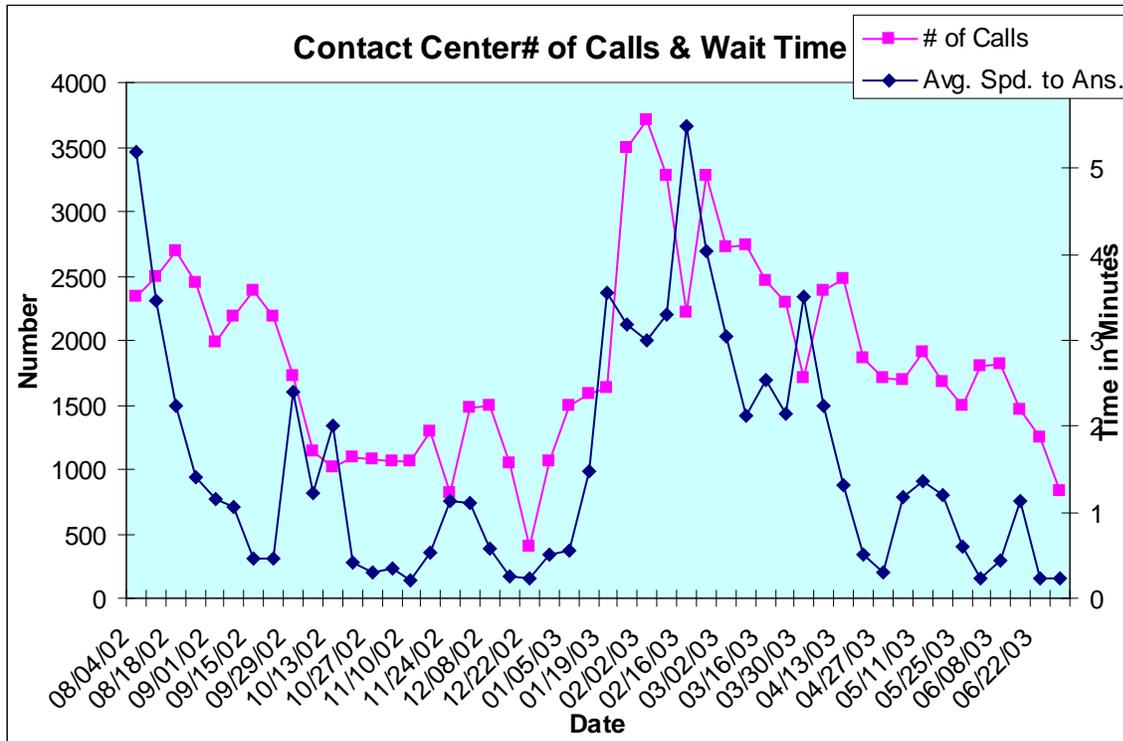
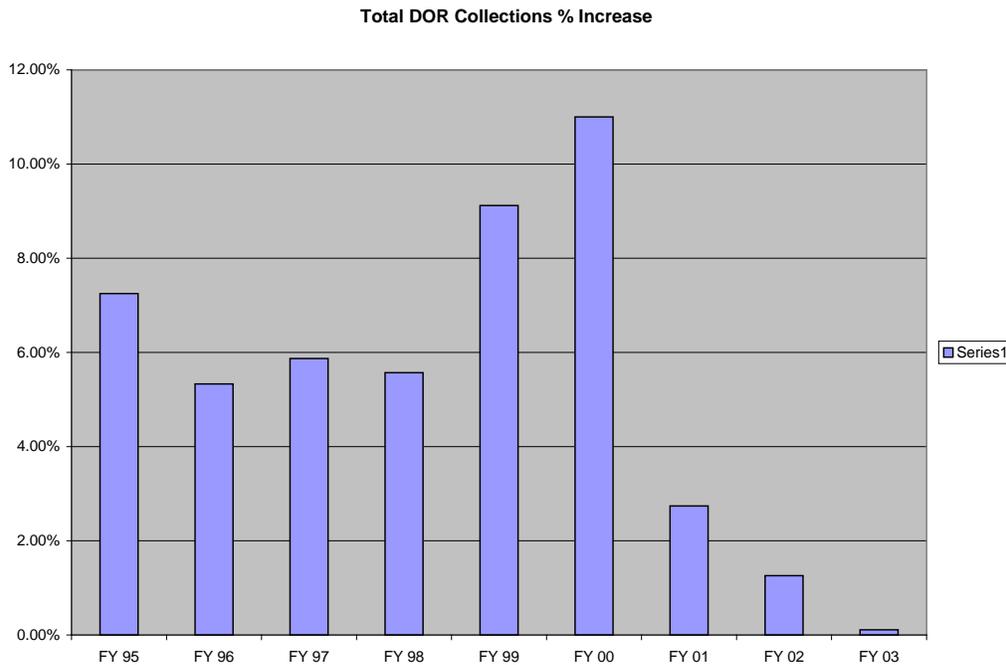


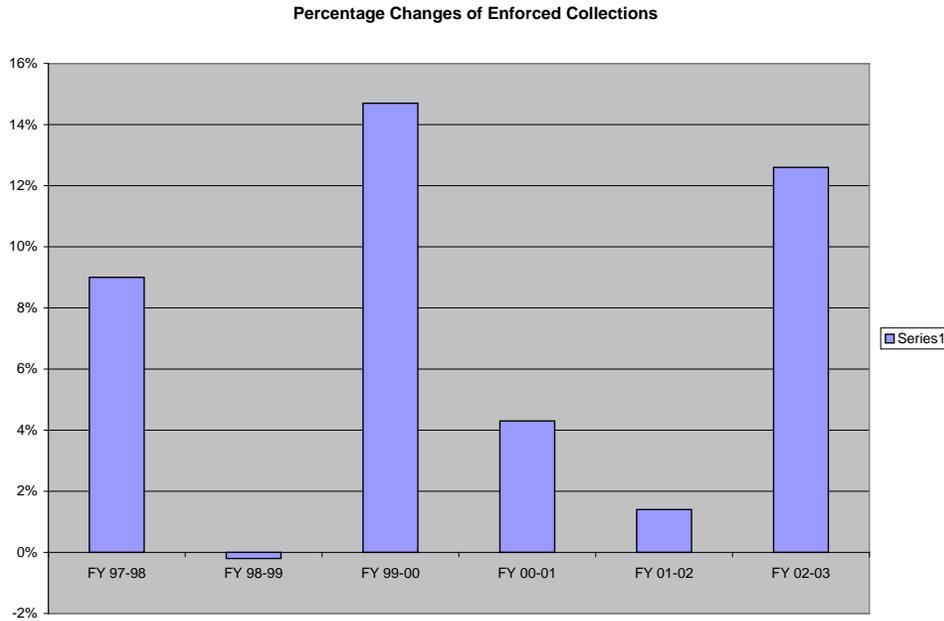
Fig. 7.1.7

**7.2 Mission Accomplishment** Category 3.1 indicates our stakeholders and customers which includes other state agencies, local governments, and the General Assembly. Our measures of “mission accomplishment” of administering the revenue and regulatory laws of the state and collecting the revenue due the state are primary components of the assessment of how well we accomplish our mission. Figure 7.2.1 indicates the percentage of increase or decrease of collections over the prior year. You will see that in the last three years, collections have decreased in growth primarily as a result of the slowing economy. However, actual dollars collected has increased. We have seen a decrease in all of the major taxes; sales tax, corporate income tax, withholding tax, and individual income tax.



**Fig. 7.2.1**

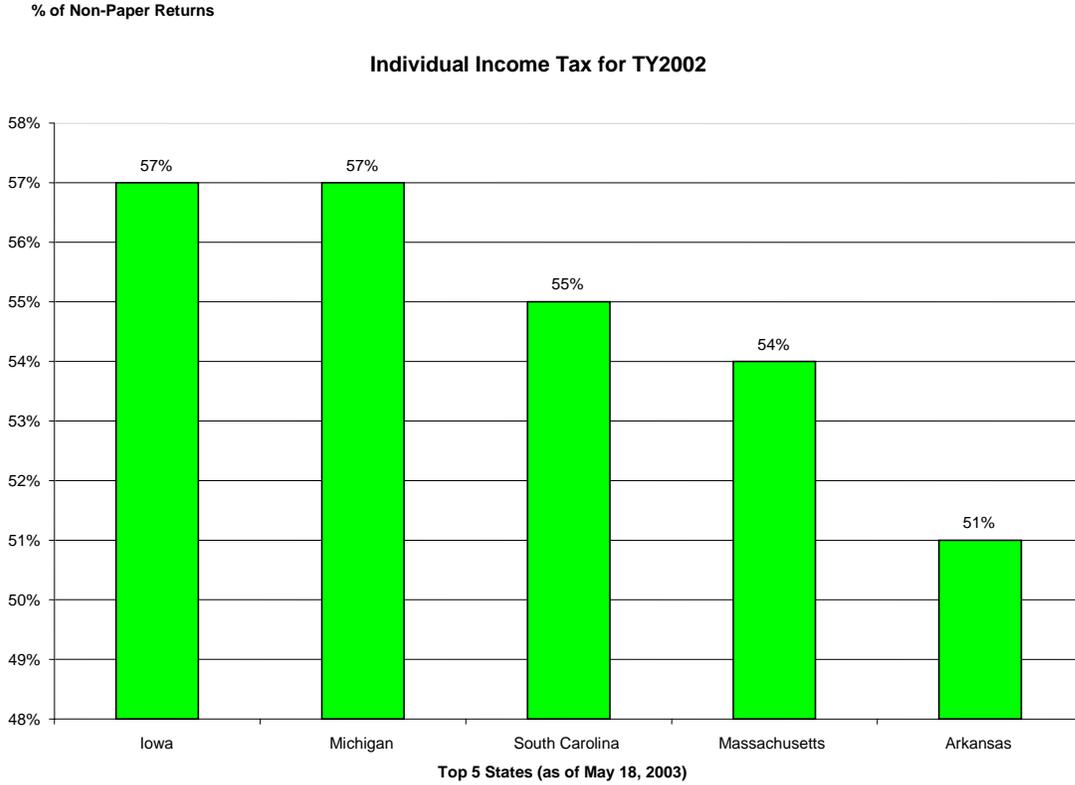
Figure 7.2.2 shows the total percentage of increase or decrease in enforced collections over the prior year. This indicates a sizable increase in enforced collections, primarily due to the Amnesty program.



**Fig. 7.2.2**

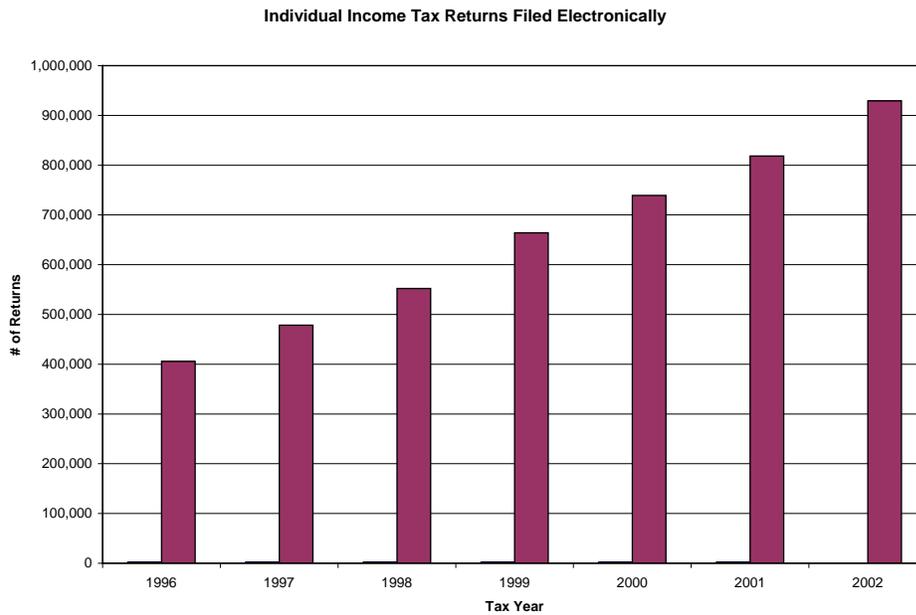
As part of our strategic plan, we have focused on growing our electronic environment for our customers. These methods help us accomplish our mission in a more efficient manner; therefore the numbers of non-paper tax returns filed is the first of these indicators. While South Carolina continues as a leader nationally, we dropped to third in the number of electronically filed returns at 55%. Figure 7.2.3 depicts our ranking within the five highest ranking states.

S.C. Department of Revenue Accountability Report 2002 - 2003



**Fig. 7.2.3**

The number of electronically filed returns, shown in Figure 7.2.4, increased 14% over last year.



**Fig. 7.2.4**

Figure 7.2.5 indicates the various technological methods taxpayers used in filing their individual income tax returns this tax year. Taxpayers using these “alternative” methods not only allow the DOR to process returns more efficiently and virtually error free, but to generate refunds much quicker, which is a customer satisfier.

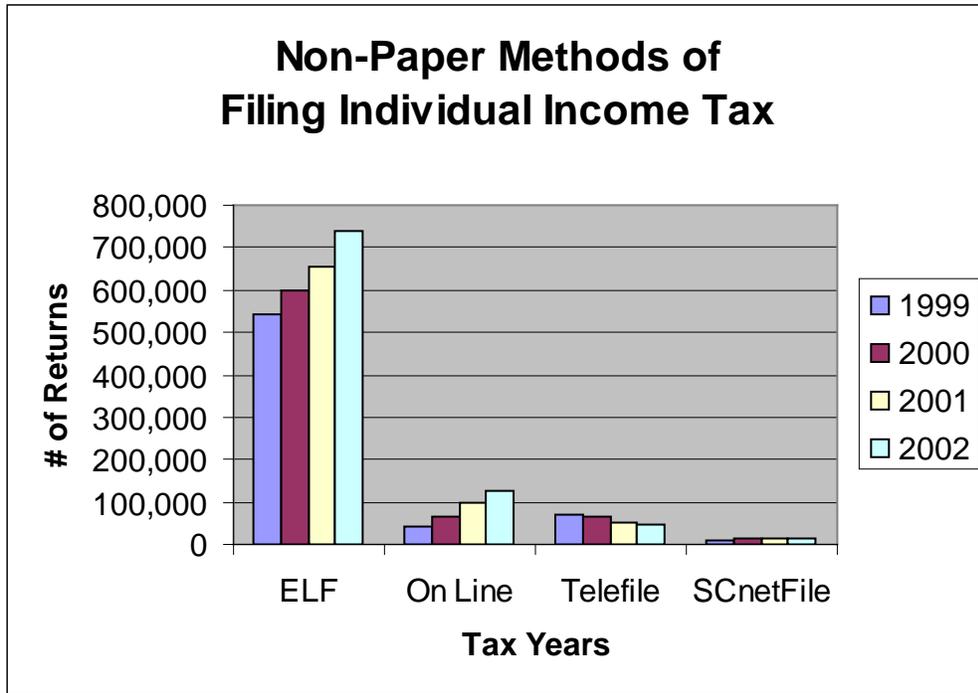


Fig. 7.2.5

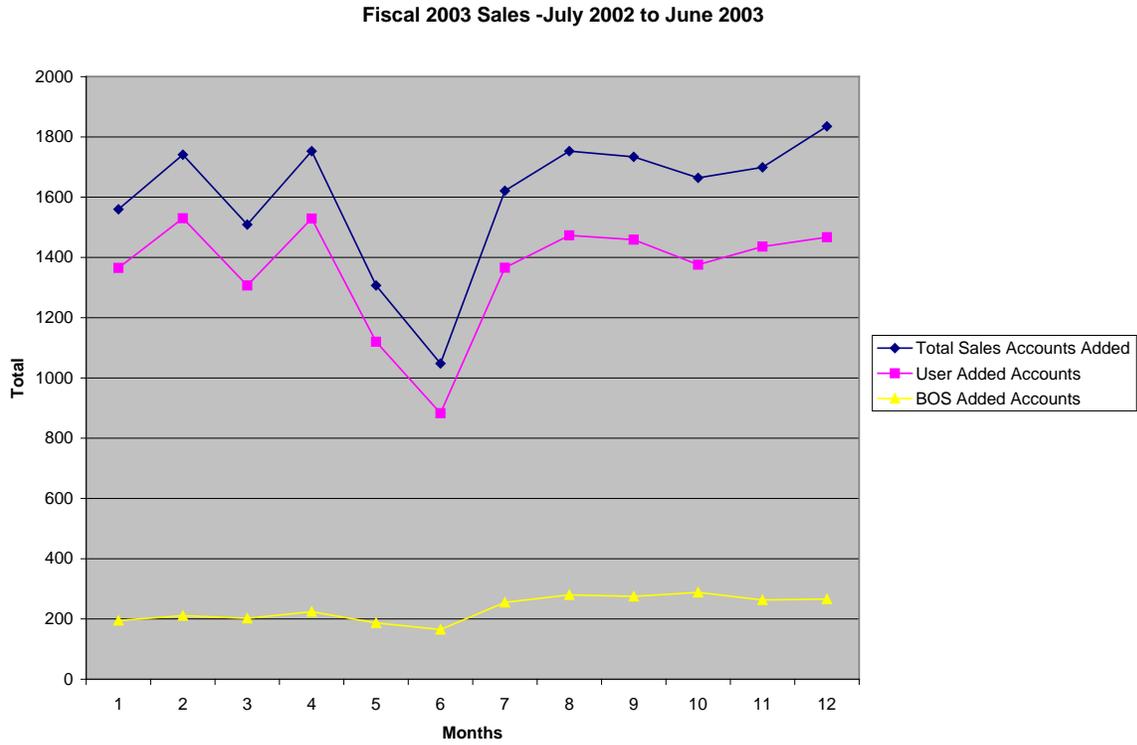
**7.3 Employee Satisfaction** The measures we review for employee satisfaction are the number of employees voluntarily resigning (Figure 7.3.1) and sick leave usage. (Figure 7.3.2).

The number of resignations is fairly stable with the exception of the several months that spiked due to RIF and release of probationary employees during that time frame.

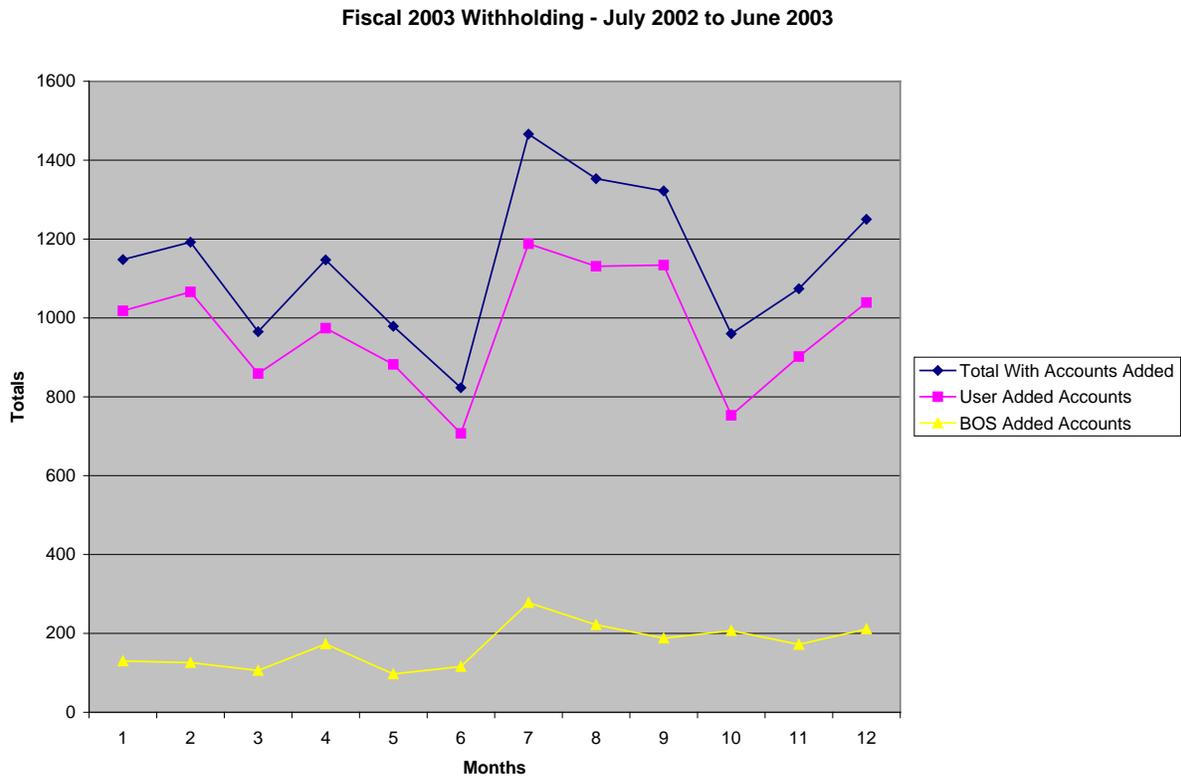
We measure the average sick leave usage, as that can be an early indicator of potential employee dissatisfaction. Special retirement and/or separation incentives impacted the average use as these separating employees often have a great deal of sick leave that is used in calculations for retirement credit. This results in those hours being counted as “used.” Also, employees may donate leave to the agency leave pool. Donated hours are also accounted for as being “used.” These factors account for the spikes in December and June.



S.C. Department of Revenue Accountability Report 2002 - 2003



**Fig. 7.4.1**



**Fig. 7.4.2**

The agency provides a service for stakeholders in the collection of debts for other governmental, health care and educational institutions through our debt setoff program. Under this program, these entities provide us with an electronic listing of their debtors and we match refunds against those lists to capture their refund, for a fee, and send them the amount seized. Figures 7.4.3 and 7.4.4 show the amount collected and the number of claimants participating in this program.

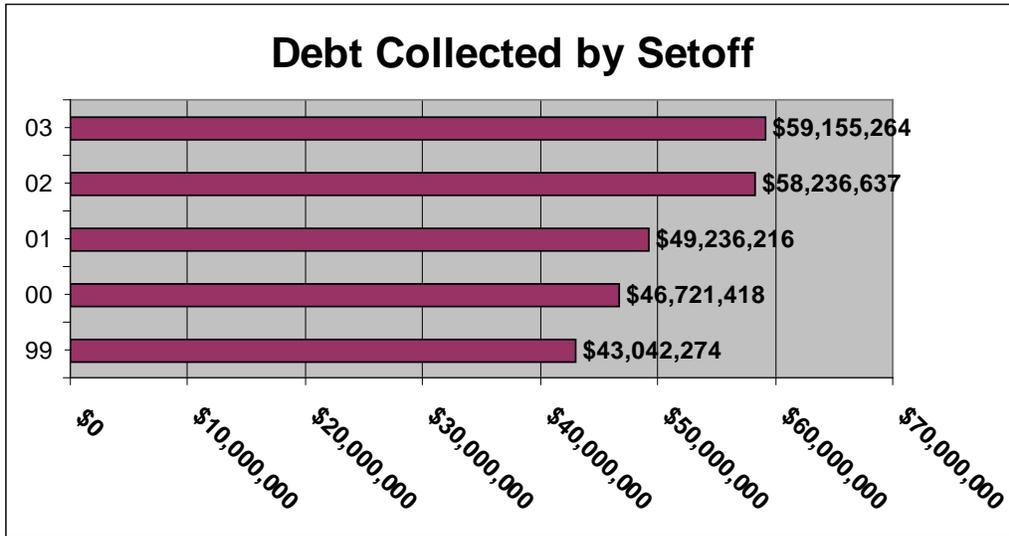


Fig. 7.4.3

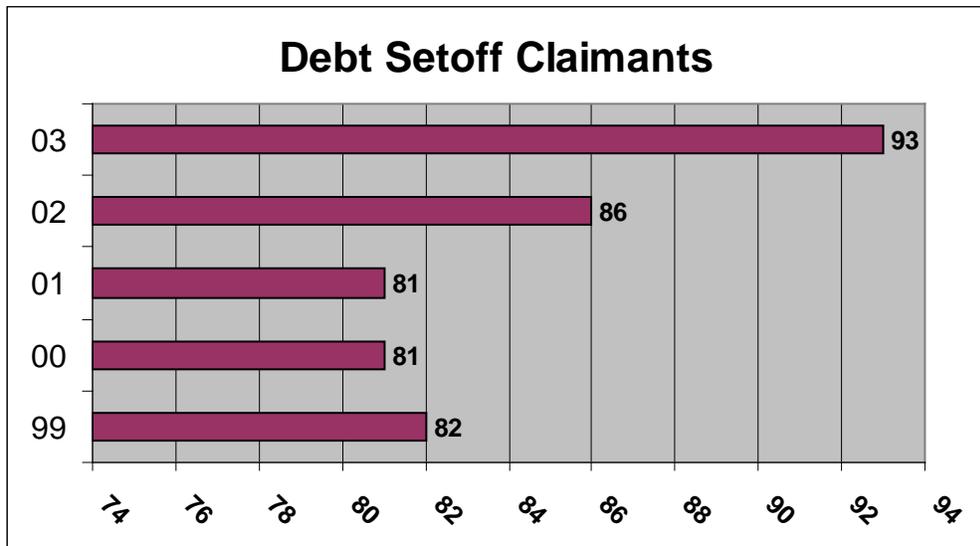


Fig. 7.4.4

**7.5 Regulatory/Legal Compliance and Citizenship** The agency has had no regulatory violations or significant findings by those external entities that are in positions to do so in the past fiscal year. Some of these entities include: State Auditor; Legislative Audit Council; Internal Revenue Service; Occupational Safety and Health Organization; State Materials Management; the Budget and Control Board, and State Fire Marshal.

Our Equal Employment Opportunity (Figure 7.5.1) statistics show that the agency has a 96.9% success rate as of June, 2003 in attaining our affirmative action goal. The agency was ranked first among all state agencies with 501 - 1000 employees in the report submitted to the General Assembly in February, 2003.

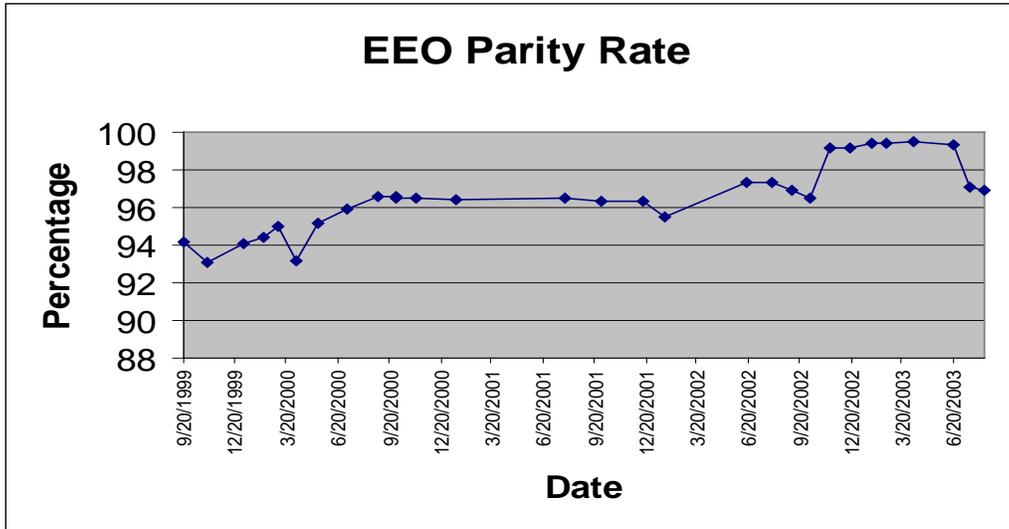


Fig. 7.5.1

As a measure of our good citizenship, we look at our purchases through minority businesses (Figure 7.5.2). This year we have consistently outperformed the goal of \$5590.50 per quarter of purchases with minority businesses.

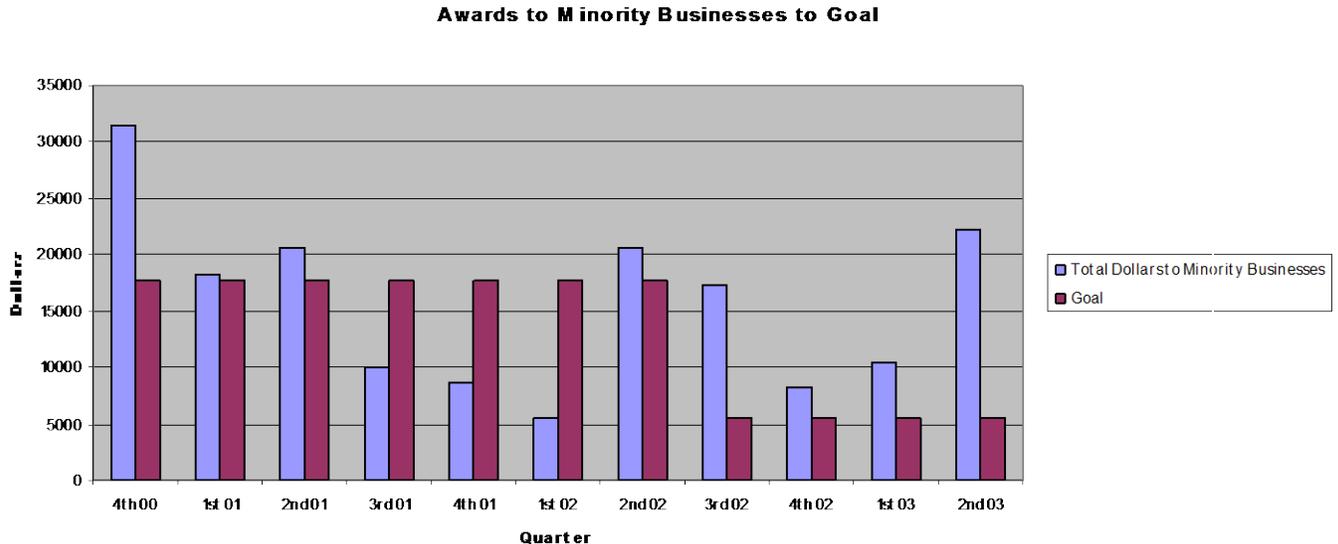


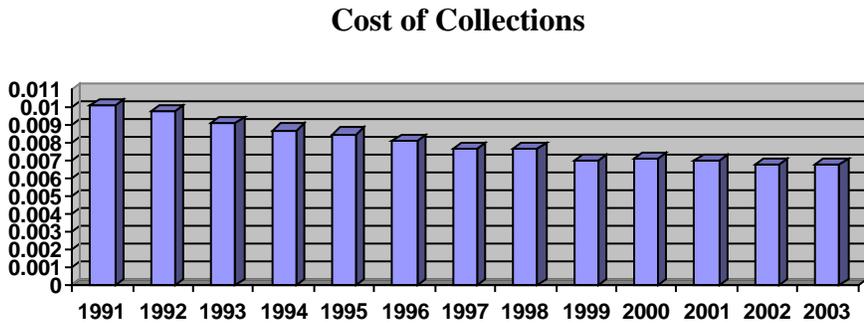
Fig. 7.5.2

The agency embraces the recycling efforts of the state by purchasing recycled paper products and recycling of paper products and aluminum cans. Approximately 90 percent of our purchased

paper products are from recycled material. While we continue to recycle enormous amounts of paper and cardboard through the Department of Corrections program, we have not received an accounting of the actual pounds recycled this year. However, there is no doubt that we either equaled or exceeded last year's 222,135 pounds of paper and 8,703 pounds of cardboard. As an additional DOR initiative, we recycled 457 pounds of aluminum cans this fiscal year.

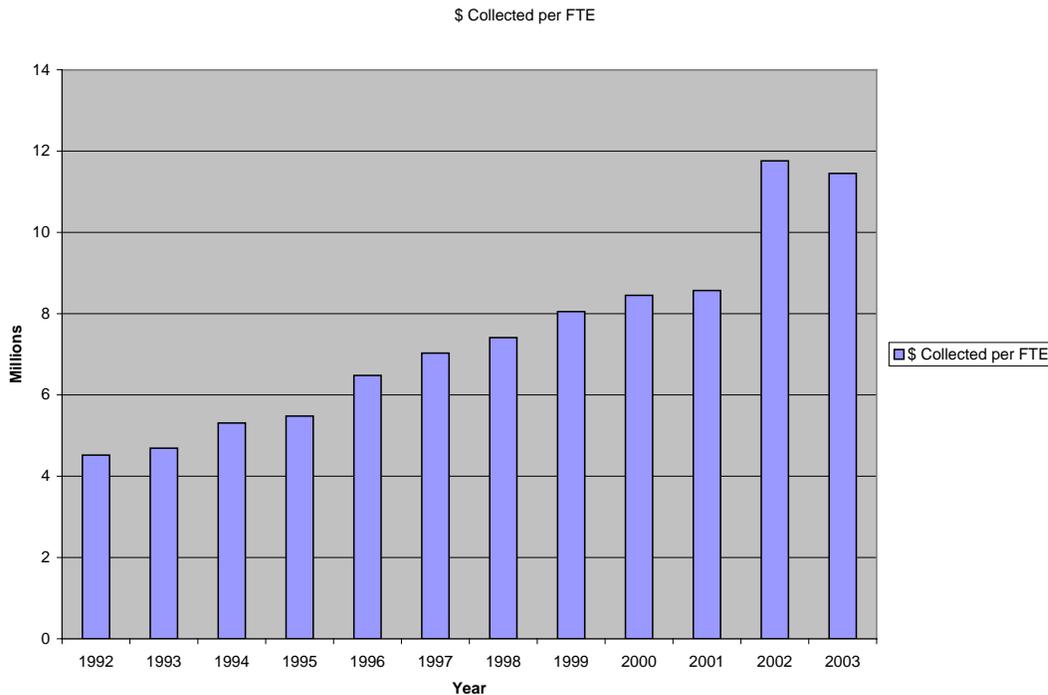
**7.6 Financial Performance Indicators:**

Figure 7.6.1 shows our cost for collecting \$1.00 in tax at \$.00678, down slightly from last year. This measure shows the effectiveness of our collection approaches.



**Fig. 7.6.1**

The amount of dollars collected per filled full time employee, Figure 7.6.2, indicates our effectiveness and efficiency in the collection process.



**Fig. 7.6.2**

The amount of interest lost monthly shows how effective and efficient we are with processing of checks and returns and getting state funds deposited. Figure 7.6.3 is a four-year comparison of the data. The “spikes” shown correspond to our peak processing times of tax returns. We consistently outperformed our own records throughout FY 02-03.

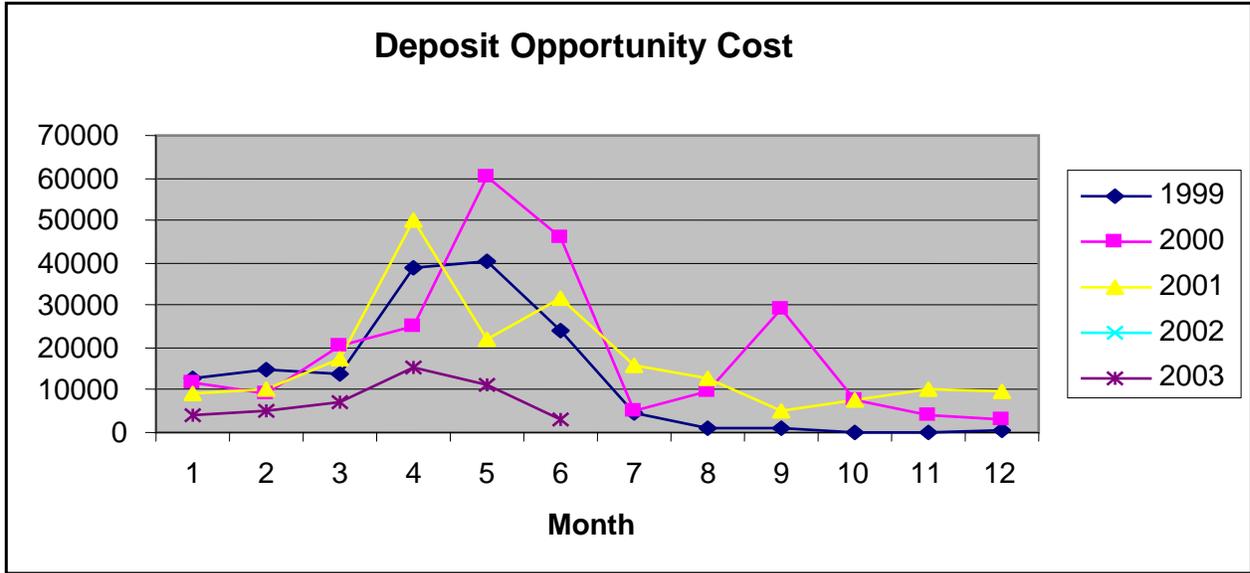


Fig. 7.6.3