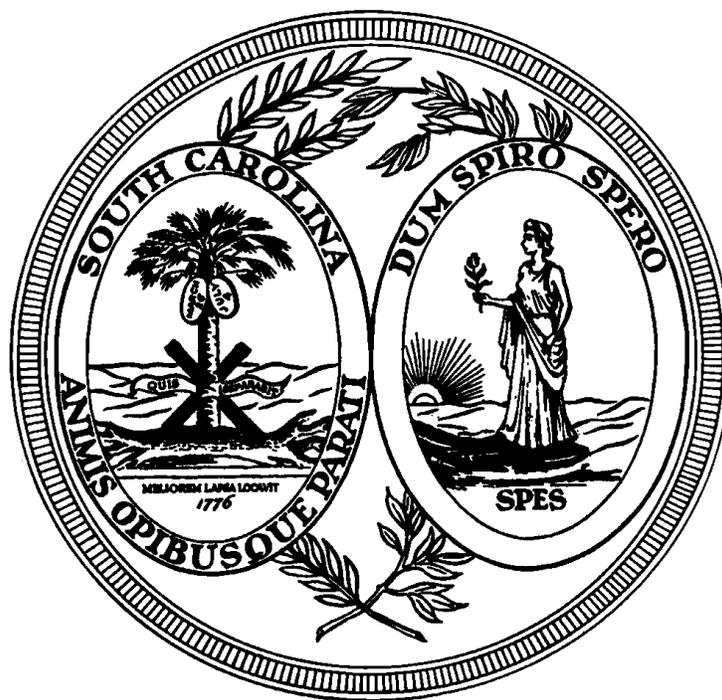


**STATE OF SOUTH CAROLINA  
OFFICE OF THE COMPTROLLER GENERAL**



**ANNUAL ACCOUNTABILITY REPORT**

**Fiscal Year 1999-2000**

## LETTER OF TRANSMITTAL

Ms. Karen Amos  
Office of State Budget  
1122 Lady Street, 12<sup>th</sup> Floor  
Columbia, South Carolina 29201

Dear Ms. Amos:

I am pleased to submit the Comptroller General's Office Annual Accountability Report for Fiscal Year 1999-2000.

The Comptroller General is one of five members of the Budget and Control Board. The Office of the Comptroller General was established by the Constitution in 1890 as "Paymaster" for the purpose of supervising and accounting for the expenditure of all state funds. This office is responsible for statewide financial reporting including audited statewide financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for publication in the State's Comprehensive Annual Financial Report (CAFR). The CAFR is the primary document used by bond rating firms in determining the State's bond rating.

A pre-audit of all disbursements is conducted by the Comptroller General's Office to ensure compliance with the Annual Appropriation Act as passed by the General Assembly. The Comptroller General's Office has custody of all documents of record relating to financial transactions and maintains accounting controls on all state government funds. In this regard, the agency issues accounting policy directives to state agencies.

This office is also responsible for supervising the collection of all property taxes; assisting all county auditors, treasurers and tax collectors to reimburse counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, and State Residential Property Tax Programs.

Management and staff meet on a continuing basis to provide total quality management sessions for employees. These sessions provide ongoing training and promote a valuable exchange of ideas so that optimum service can be rendered.

This year's report has been designed to provide an overview of the agency's performance during the reporting period. Although we are in the early stages of implementing the use of outcome measures to evaluate agency results, we think the report contains adequate information to enable the reader to compare current results with previous years.

The Office of the Comptroller General is dedicated to providing fiscal accountability and informational assistance to the Governor, members of the General Assembly, other state and local government officials and the general public. If additional information regarding this report is needed, please contact Donald Thomas at 734-2609.

Respectfully Submitted,

JAMES A. LANDER

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## EXECUTIVE SUMMARY

The Comptroller General's Office provides for centralized accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP).

During fiscal year 1999-2000, as in prior years, our emphasis was on maximizing efficiency to meet increasing customer needs with decreasing resources. Some of our business results for the fiscal year were:

- Met all payroll requirements. The statewide payroll was paid on the dates mandated by state law 100% of the time.
- Received approval from the General Assembly to install an electronic imaging system as a component of the project to meet the reporting requirements of Governmental Accounting Standards Board Statement No. 34, Basic financial Statements--and Management's discussion and Analysis--for State and Local Governments (GASB 34). The imaging system will be installed in two phases. Phase I will address the imaging and flow of agency submitted documents within the Comptroller General's Office. Phase II will focus on the use of imaging technology to reduce and replace the paper based submission of STARS documents, reporting back to the agencies, and storage that will meet the permanent records retention requirements of the South Carolina Department of Archives and History.

An electronic imaging system, when fully implemented, will significantly enhance the level of service to our customers, better control the cost of processing increasing volumes of transactions, and alleviate the physical problems associated with maintaining the on-site (active documents) and off-site (archival documents) storage of documents.

- Issued a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999 within six months as required by the Government Finance Officers Association of the United States and Canada. As a result the State received the Certificate of Achievement for Excellence in Financial Reporting for the twelfth consecutive year. This award is presented to governmental units whose comprehensive annual financial report achieves the highest standards in government accounting and financial reporting.
- Began implementation of GASB Statement Nos. 34 and 35, a new financial reporting model that all governments must adopt if they wish to maintain clean

audit opinions. We contracted with the international accounting/consulting firm of KPMG to serve as technical advisors. Our staff and KPMG began formulating an implementation work plan. Our office also formed an advisory committee that is comprised of state agency representatives.

- Successfully accounted for approximately 6.8 million documents received and safeguarded in our records center. 100% of the documents requested by customers (e.g. auditors, state agencies, employees) were provided upon demand.
- Increased the hours of training received by staff members by 118%. Our staff members with professional certifications each received approximately 40 hours of continuing professional education.
- Received clean audit opinions from 100% of the regulatory organizations responsible for auditing/reviewing the Comptroller General's Office activities.
- Enhanced our Internet web site and increased its use as a method to communicate with and broaden the type services available to our customers.

The Comptroller General's Office has four divisions to handle the major areas of responsibilities. These divisions are: Central State Audit, Central State Finance, Administration/Local Government, and Data Processing.

Central State Audit Division is responsible for ensuring that every dollar appropriated by the General Assembly and spent by South Carolina State Government complies with applicable state laws, rules and regulations. The Central State Audit Division is responsible for auditing and certifying the validity, authenticity, and legality of each disbursement. All obligations incurred in the operation of a state agency such as rent, travel expenses, utility bills, and contractual items, must be submitted to the Central State Audit Division for approval prior to payment. This division also processes the payrolls for approximately 55,500 state employees.

In addition to approving payments for salaries, the Central State Audit Division must control and remit all deductions from the employees' checks that are either mandated by law or authorized by employees. The Division also maintains a centralized vendor file of over 100,000 records that helps to ensure the accuracy of reports that must be sent to the Internal Revenue Service, the State Department of Revenue and Taxation, the Social Security Administration, and the South Carolina Retirement Systems. Reports for deductions of insurance, credit unions, public charities and others are also prepared and sent to various entities each pay period.

Central State Finance Division provides for centralized accounting and reporting of financial data in accordance with the statewide program structure mandated by the General Assembly and Generally Accepted Accounting Principles (GAAP). By publishing an audited Comprehensive Annual Financial Report (CAFR) within six months after the end of the fiscal year, the state complies with GAAP requirements and meets even the strictest financial reporting requirements of bond rating agencies. This data enables the state's leaders to make more informed decisions concerning South Carolina's finances.

In addition, Central State Finance is responsible for establishing and communicating to accounting and finance personnel of all state agencies and institutions any changes in statewide accounting and financial reporting regulations and policies. This division also maintains the centralized records management program.

Administration/Local Government Division provides executive management, coordination and support for the Comptroller General and for all divisions of the Office. It renders services in the areas of finance, personnel, and employee benefits (for agency personnel as well as the county auditors and treasurers), and also oversees budget, procurement and public relations, and ensures compliance with all state and federal requirements for the agency. The division responds to requests for information, reports and assistance that are received on a daily basis.

Administration of the state's U.S. Savings Bond Program is another responsibility of this division. A statewide automated purchasing system of U. S. Savings Bonds was implemented in June 1988 and eliminated a great deal of work formerly imposed on individual state agencies' finance and personnel operations. This system requires maintaining a trust account, issuing vouchers for the purchase of bonds, maintaining individual computer files on each bond owner participating in the bond payroll deduction program and working closely with the Federal Reserve Bank to ensure an efficient and effective program.

This division also relates directly with South Carolina's counties and municipalities. It is responsible for the supervision of the collection of property taxes, and provides assistance to all county auditors, treasurers and tax collectors. Periodic county reports required by state statutes are audited and maintained by this division. The Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, State Residential Property Tax, and Motor Vehicle Tax Reduction Programs are also organized and conducted by this division to keep local government officials informed of new laws, procedures, and requirements to carry out their duties.

Data Processing Division provides technological support to other divisions of the Comptroller General's Office using the Information Resource Management concept. This support encompasses all areas of information technology, including telephones, photocopiers, facsimile machines, personal computers, local area networks, access to and from the Internet and mainframe computer systems.

Major automated systems developed and maintained by this division provide operational support for the statewide payroll and accounting functions of the office. This division is responsible for other systems, including support for office administration and local government tax reimbursement programs.

This division is also responsible for preparing and monitoring the annual Information Technology Plan and in recommending, installing and maintaining all computer hardware and software to meet the goals of the office.

## **MISSION STATEMENT**

The Comptroller General's Office mission is to:

- Provide centralized payroll, accounting and reporting of financial data for the State of South Carolina in accordance with the statewide program budget structure mandated by the General Assembly and Generally Accepted Accounting Principles (GAAP).
- Supervise the collection of all property taxes; assist county auditors, treasurers, and tax collectors; and reimburse counties for homestead exemption, merchants' inventory, property tax relief and manufacturing reimbursement programs.

## **VISION**

The Comptroller General's Office vision is to provide superior financial stewardship to the State of South Carolina and other stakeholders through a state of the art delivery system; courteous, well-trained professional staff; supported by sound fiscal policies and procedures.

## LEADERSHIP SYSTEM

The Comptroller General is a statewide elected position. On January 13, 1999, James Albert Lander became South Carolina's 40th Comptroller General. The Comptroller General and other members of senior management work together to foster an environment where the following values are a way of life:

### **Integrity**

The Comptroller General expects each employee to: maintain the highest standards of ethical conduct; treat all persons fairly with dignity and respect; and perform his or her assignments in a manner that will preserve the trust of our stakeholders.

### **Teamwork**

The Comptroller General encourages each employee to work with others for the good of the whole.

### **Excellence**

The Comptroller General expects the quality of services performed by this office to be exceptional. Employees are encouraged to take pride in their work and to "strive for excellence".

### **Innovation**

The Comptroller General encourages each employee to continuously seek ways to improve our service processes. Emphasis is placed on using technology to enhance efficiency, increase quality, and minimize costs.

Senior management meets regularly to discuss agency strategy, assess agency performance, and ensure that customer needs are being met.

## INFORMATION AND ANALYSIS

The Comptroller General's Office is in the early stages of implementing the Malcolm Baldrige National Quality Award criteria as a means of measuring the agency's performance. During fiscal year 2000, we developed strategies designed to ensure that we stay focused on the agency's mission, vision, values, and objectives. We will continue to enhance our strategic planning process.

We also are in the process of developing a comprehensive measurement system. The development process includes: performing a self-assessment, surveying agency employees and external customers, analyzing the results, setting priorities and allocating resources, establishing goals, developing strategies to accomplish objectives, and establishing ways to monitor and measure performance results. When fully developed, the performance measurement system will enable management, customers, and interested parties to assess the agency's effectiveness and efficiency in utilizing its resources and meeting goals and objectives.

## STRATEGIC PLANNING

The Comptroller General and senior management are responsible for formulating the agency's strategic direction. The strategic plan is designed to align with the agency's mission, vision, and values. Senior management formulates strategies based on input from staff members, state agencies, and other customers. Emphasis is placed on ensuring that the agency complies with all accounting and financial reporting requirements mandated by such stakeholders as the Governor, the General Assembly, the Government Finance Officers Association of the United States and Canada, and the Governmental Accounting Standards Board (GASB).

Our strategic plan describes the agency's strategic direction for the next two years. To make certain that we stay on course, we will update the plan annually while continuing to work on a longer-term plan.

### **STRATEGIC DIRECTION: Continue to implement quality processes**

We are committed to enhancing agency performance through strategic planning based on measurable goals and objectives.

#### **Strategy 1: Use quality techniques as a basis for managing for results**

We will utilize the Malcolm Baldrige Criteria for Performance Excellence to enhance agency processes and efficiency.

#### **Strategy 2: Enhance the planning process**

We will continue to improve the strategic planning process and develop methods to measure our success in following the strategies specified in the plan.

#### **Strategy 3: Develop customer satisfaction measurements**

We will develop methods to quantify the level of customer satisfaction. This data will assist in ensuring that we continue to improve on satisfying our customers.

#### **Strategy 4: Develop methods to measure the level of performance**

We will develop performance measures that enable us to assess our progress in achieving goals and to demonstrate to our stakeholders what is being accomplished with dollars invested in this agency.

**Strategy 5: Strive for excellence**

We will identify comparable benchmarks to use as measurement tools. We will also identify and implement best practices wherever feasible. We will strive to be nationally recognized as a leader in quality service.

**STRATEGIC DIRECTION: Enhance service delivery through technology**

We will utilize technology whenever possible to maximize agency efficiency and minimize operating costs. Emphasis will continue to be placed on keeping current on technological trends and seeking ways to automate work processes.

**Strategy 1: Install an electronic imaging system**

An electronic imaging system, when fully implemented, will position the Comptroller General's Office to take advantage of the efficiencies available in a "paperless" environment and to provide an electronic portal for agencies possessing the same capability.

**Strategy 2: Increase use of the Internet to enhance service delivery**

We will continue to increase the quality and quantity of services available to our customers via the Internet. The long-range plans in this area are to provide a platform for the customer to electronically transact their business with the Comptroller General's Office.

**Strategy 3: Identify processes that can be improved with information technology**

We will continue to monitor and identify processes within the Comptroller General's Office that can be expanded, changed or eliminated through the application of information technology to provide better service to our customers.

**STRATEGIC DIRECTION: Implement the Governmental Accounting Standard Board's Statement Number 34 (GASB 34).**

GASB 34 is the most significant and comprehensive change in state and local government accounting. It represents a dramatic shift in the way state and local governments present financial information to the public. The state's financial statements must comply with GASB 34 to protect our AAA credit rating and to ensure that we continue to be awarded the Certificate of Achievement for Excellence in Financial Reporting. A significant amount of agency resources will be needed to make the

required statewide accounting changes as of July 1, 2001 and the required financial reporting changes in the statewide Comprehensive Annual Financial Report that our agency will prepare during the fall of 2002.

**Strategy 1: Hire a consultant that has expertise in this area**

We have contracted with the international accounting/consulting firm of KPMG to assist in implementing GASB 34.

**Strategy 2: Form an advisory group**

We will form an advisory group, composed of representatives from state agencies, during 1999-2000. Its primary purposes are to enhance communication with state agency stakeholders regarding GASB 34 matters and to provide feedback from such stakeholders.

**Strategy 3: Develop an implementation plan**

We will prepare an implementation plan, including time lines for completion and estimates of required resources, to serve as a road map to help ensure successful completion of the project.

**Strategy 4: Develop training programs for state agencies and institutions to help ensure their readiness for the new accounting and financial reporting requirements**

We will train various stakeholder groups during the next two fiscal years. The initial training sessions are planned for October 2000.

**Strategy 5: Develop and implement procedures to monitor the progress of state agencies and of the Comptroller General's Office in carrying out the implementation plan**

We will establish systems for monitoring and evaluating both the subprojects for which the Comptroller General's Office is responsible and those for which the state agencies are responsible. These systems will use project management software and will include formal, periodic status reporting by each state agency and each in-house project manager.

**Strategy 6: Re-engineer the existing statewide financial reporting subsystem to accommodate the new requirements**

Using current agency and consultant resources, we will revise computer code and accounting tables associated with the statewide financial reporting subsystem as needed and will add needed report-writer software tools.

**STRATEGIC DIRECTION: "Rightsize" the agency**

In order to provide quality service, our resources must be commensurate with customer requirements. We will ensure that our human resources are aligned with customer expectations.

**Strategy 1:** Identify all known and anticipated customers needs for the next two - three fiscal years and estimate the people hours and resources needed to meet expectations.

**Strategy 2:** Determine if available resources are commensurate with the resources necessary to meet customer needs.

**Strategy 3:** Secure the necessary resources to ensure that our service delivery, as a minimum, meets the needs and expectations of our stakeholders.

**STRATEGIC DIRECTION: Enhance human resource development**

A motivated, knowledgeable, and capable work force is essential to achieving the agency's mission and vision. Moreover, an agency's level of professional growth directly correlates with the professional development and professionalism of its employees.

**Strategy 1:** Provide the type organizational structure that enhances our ability to attract and retain talented employees.

**Strategy 2:** Foster the type environment that encourages and allows employees to perform to the best of their abilities.

**Strategy 3:** Develop a plan for ongoing employee training and identify quality, inexpensive ways to increase the number of employees that receive training and the hours of job related training received by employees.

**Strategy 4:** Recognize employees for their achievements

## CUSTOMER FOCUS AND SATISFACTION

The Comptroller General's Office primary customers and their services and/or expectations are:

<u>CUSTOMER</u>	<u>SERVICES/ EXPECTATIONS</u>
Governor	<ul style="list-style-type: none"><li>• Provide accountability for the state's financial activities.</li><li>• Provide financial data as requested.</li><li>• Respond to requests for information or assistance.</li></ul>
General Assembly	<ul style="list-style-type: none"><li>• Provide a centralized accounting and financial reporting system in accordance with the program budget structure.</li><li>• Provide reports, financial impact statements and other financial data as requested.</li></ul>
Local Governments	<ul style="list-style-type: none"><li>• Supervise certain activities of all county auditors, treasurers, and tax collectors.</li><li>• Administer the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, State Residential Property Tax, and Motor Vehicle Tax Reduction Programs.</li><li>• Audit various reports such as the Annual Settlement Report.</li><li>• Conduct workshops and conferences to keep local government officials informed of new laws and procedures required to perform their duties.</li></ul>
Bond Rating Firms	<ul style="list-style-type: none"><li>• Prepare and issue a Comprehensive Annual Financial Report that is in accordance with Generally Accepted Accounting Principles.</li><li>• Implement all new financial reporting standards mandated by Generally Accepted Accounting Principles.</li></ul>
Citizens	<ul style="list-style-type: none"><li>• Provide accountability</li><li>• Respond to requests for assistance and/or information.</li></ul>
News Media	<ul style="list-style-type: none"><li>• Provide financial data as requested to keep the general public informed of the state's financial activities.</li></ul>

## CUSTOMER

State Agencies

## SERVICES/EXPECTATIONS

- Maintain a centralized accounting and reporting system for all state agencies.
- Create an annual chart of accounts that is in accordance with the Annual Appropriation Act approved by the General Assembly and provides sufficient detail to provide for financial reporting in accordance with generally accepted accounting principles.
- Provide each state agency with a listing of its respective accounts and funding level available within each account.
- Process the payroll for all state agencies, boards, and commissions (except state universities and technical colleges).
- Administer the U. S. Savings Bond program for all state employees.
- Audit and verify the validity, authenticity, and legality of requests for the payment of funds submitted by state agencies (except state universities and technical colleges).
- Issue warrants authorizing the State Treasurer to pay legitimate requests for expenditures by agencies.
- Provide daily, weekly, and monthly financial reports.
- Assist in resolving technical problems.
- Provide training to agency staff as needed.
- Provide policies and procedures to ensure consistency and uniformity.
- Maintain a centralized records management center.
- Provide copies of STARS input documents and backup upon request.
- Follow up with each agency that has received an audit comment related to its completion of closing package forms to ensure that the agency knows how to prevent the problem in the future.
- Provide annual updates of the *GAAP Closing Procedures Manual* and the *STARS Policies and Procedures Manual*.

## CUSTOMER

## SERVICES/EXPECTATIONS

United States Government

- Provide financial data used to prepare reports issued by the United Census Bureau.
- Provide various financial reports as requested.
- Provide copies of the statewide Comprehensive Annual Financial Report to each of the national repositories as required by the United States Securities and Exchange Commission (SEC).
- Provide copies of the statewide Comprehensive Annual Financial Report to the United States General Accounting Office (GAO) in partial fulfillment of federal single audit requirements.

Customer satisfaction is measured through ongoing communication with our stakeholders. For example, as a statewide elected official the Comptroller General is frequently called on to address and/or respond to requests from various citizens groups. He also meets with members of the General Assembly and bond rating firms. The Comptroller General uses these opportunities to communicate with customers and receive feedback about the quality of services delivered by the office.

In addition, members of senior management routinely participate in forums held by professional accounting organizations. These forums allow us to inform agencies of current initiatives and to receive feedback from agencies. In addition, approximately eight times a year the agency conducts workshops for county auditors, treasurers and tax collectors. These workshops afford us the opportunity to receive feedback from clients. Additionally, many of our employees have daily contact with our customers. Employees are encouraged to use this contact as a means of determining customer satisfaction. Feedback received from this communication is passed on to senior management. We evaluate the feedback received to assess the agency's effectiveness in service delivery and meeting customer expectations.

In some instances we use advisory groups and/or professional advisors to ensure that service requirements and customer expectations are met. For example, the Comptroller General's Office is responsible for implementing the Governmental Accounting Standards Board Statement No. 34, Basic financial Statements--and Management's discussion and Analysis--for State and Local Governments (GASB 34). To ensure the desired results are achieved, we have established a GASB 34 Advisory Committee. The committee is comprised of persons from the Comptroller General's Office and various state agencies. We have also contracted with the KPMG accounting firm to serve as technical advisors during the project development and implementation phases.

## HUMAN RESOURCE FOCUS

The environment established by the Comptroller General is one in which there is open communication and mutual contribution toward achieving the goals of the office. Management and staff meet on a continuing basis to monitor well-being and satisfaction. The agency also uses a suggestion box, weekly staff meetings, and exit interviews with departing employees to determine trends within the workforce and the general level of employee satisfaction. Also, the Comptroller General recognizes outstanding individual employee efforts with personal letters of appreciation and commendation.

Opportunities for employee development are presented through attendance at internal and external training sessions and seminars. Continuing education for our Certified Public Accountants (CPA), Certified Government Financial Managers (CGFM) and other professional staff has led to an environment in which there is an increased level of competence, pride and performance.

## PROCESS MANAGEMENT

The Comptroller General's Office role as the state's Chief Financial Officer and its vision to provide superior financial stewardship to the State of South Carolina are key business drivers in the agency's process management philosophy. The Comptroller General strongly believes that as Chief Financial Officer, this agency should be the standard bearer for other agencies in fiscal accountability. Accordingly, emphasis is placed on ensuring that our policies, procedures, and processes are in compliance with all applicable regulations and that we receive clean opinions on any audits performed on this agency.

The Comptroller General's Office utilizes technology as much as possible to maximize the agency's efficiency and minimize operating costs. Emphasis is placed on keeping current on technological trends and continuously seeking ways to automate work processes. For example, the Data Processing Division meets with the management of each program area within the agency on a regular basis to discuss on going and potential new information technology projects. The primary objective of these meetings is to provide an open forum for both data processing employees and program area employees to discuss information technology issues and to allocate and prioritize agency resources.

The agency is also using the Internet to enhance service delivery to stakeholders. Some examples of processes that were enhanced during fiscal year 2000 by using the Internet are:

- **Local Government Reports**

The agency automated the procedures used to gather tax collection data from local governments. In the past, local governments submitted the data to us on paper. Staff members would then key the data for inclusion in the agency's annual report. The new procedures allow county officials to enter the data and submit it through our Internet web site. This process has enhanced the accuracy of the data and significantly reduced the staff hours needed to prepare the various reports.

- **STARS Policies and Procedures**

The STARS Policies and Procedures provide agencies with instructions on the accounting procedures we will use to ensure that the state's financial transactions are captured in accordance with the statewide program budget structure mandated by the General Assembly. For years the policies and procedures have been available only in paper format. The complete version of the Policies and Procedures Manual (manual) is now available to agencies through our web site. Having the policies and procedures on the Internet will allow us to inform agencies of changes in policies and procedures immediately, as opposed to updating the paper version once a year. During fiscal year 2001, we will start updating the policies and procedures on the

Internet as changes occur. We will also make the policies and procedures available to customers on a CD-ROM.

Having the policies and procedures available in electronic format (Internet, CD-ROM) will reduce the number of paper versions of the manual needed. For example, agencies that request multiple manuals/revision updates each year can, instead, use one CD-ROM to put on their intra-agency network and make it available to all employees. This process will significantly reduce the costs associated with printing and distributing paper versions of the manual and the annual paper updates.

- **Electronic Vendor Payment System**

Another initiative designed to enhance service delivery is the Electronic Vendor Payment System project. The agency is collaborating with the State Treasurer's Office on a project that will allow agencies to make electronic payments to vendors. Completion of this project will meet a growing demand for electronic payments by our customers, reduce operating costs, and enhance the efficiency of vendor payments by the state.

## KEY BUSINESS RESULTS

**PROGRAM:** Comptroller General's Office

**PROGRAM COST:** State Appropriation: \$5,038,480  
Authorized State FTE's: 89

**PROGRAM GOALS:** Provide centralized payroll, accounting and reporting of financial data for the State of South Carolina in accordance with the statewide program budget structure mandated by the General Assembly and Generally Accepted Accounting Principles (GAAP).

### OBJECTIVES AND RESULTS:

1. Certify the validity, authenticity, and legality of 100% of the state's financial transactions.

*Based on independent audit results, we successfully accounted for and reported on 100% of the state's financial transactions.*

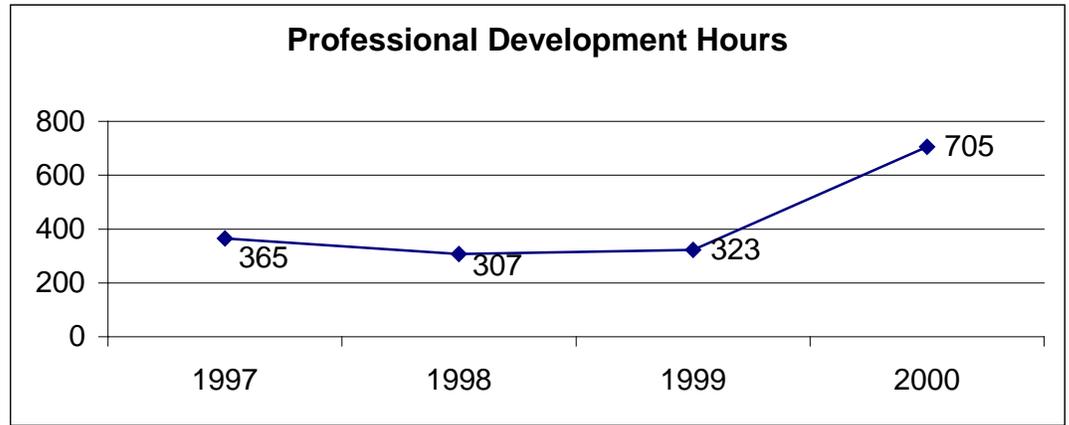
***Benchmark:*** *The South Carolina Code of Laws, Title 11, Section 11-3-170 requires the Comptroller General's Office to account for and to certify the validity of all disbursements made by the state in accordance with the annual appropriation act.*

2. Receive clean opinions from 100% of the audits performed on this agency.

*The agency is routinely audited. We have received clean audit opinions on 100% of the audits conducted at this agency for twelve consecutive years, including an audit by the Legislative Audit Council.*

3. Maintain a well-trained professional staff by increasing the hours of job-related professional development for employees by 25%.

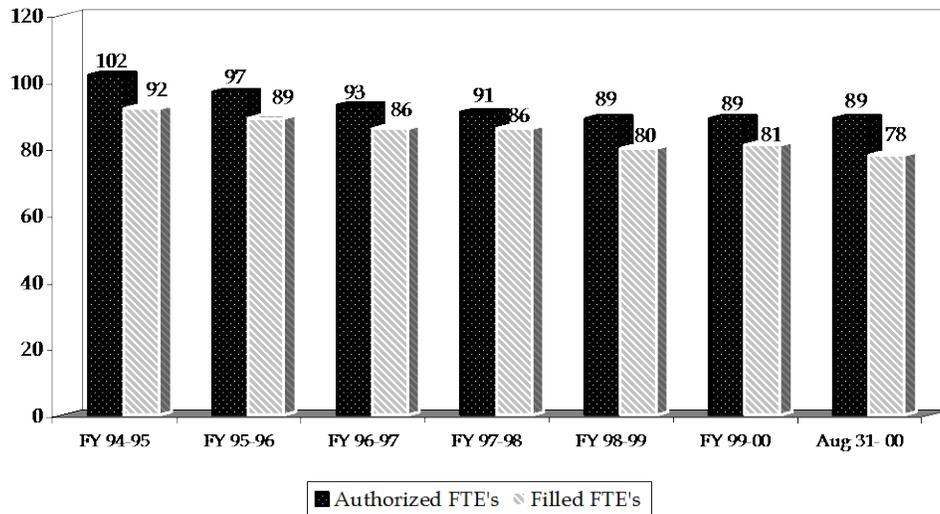
*Increased hours of job-related training for employees by 118%.*



4. Ensure that available human resources are aligned with the resources necessary to provide quality service and to meet customer needs.

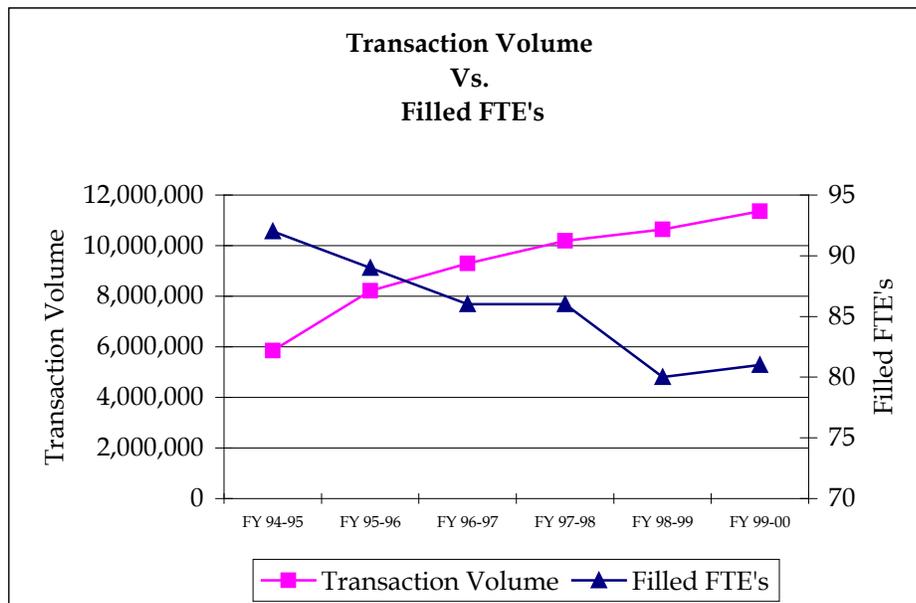
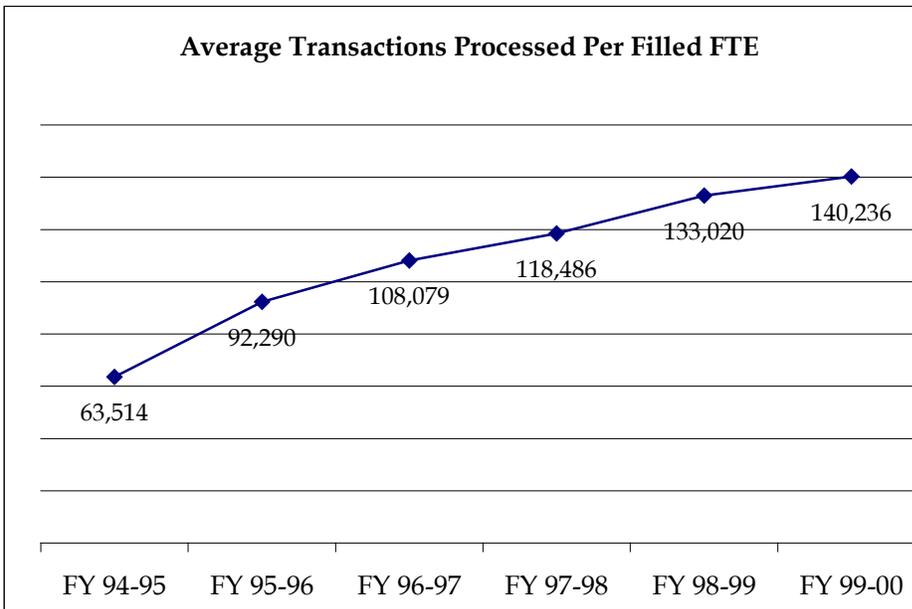
*Determined that we are at a critical point where customer demand exceeds available human resources. If we are to provide quality service and meet customer needs it is essential that we secure funding to fill critical vacant FTE's.*

**Authorized FTE's Vs. Filled FTE's**

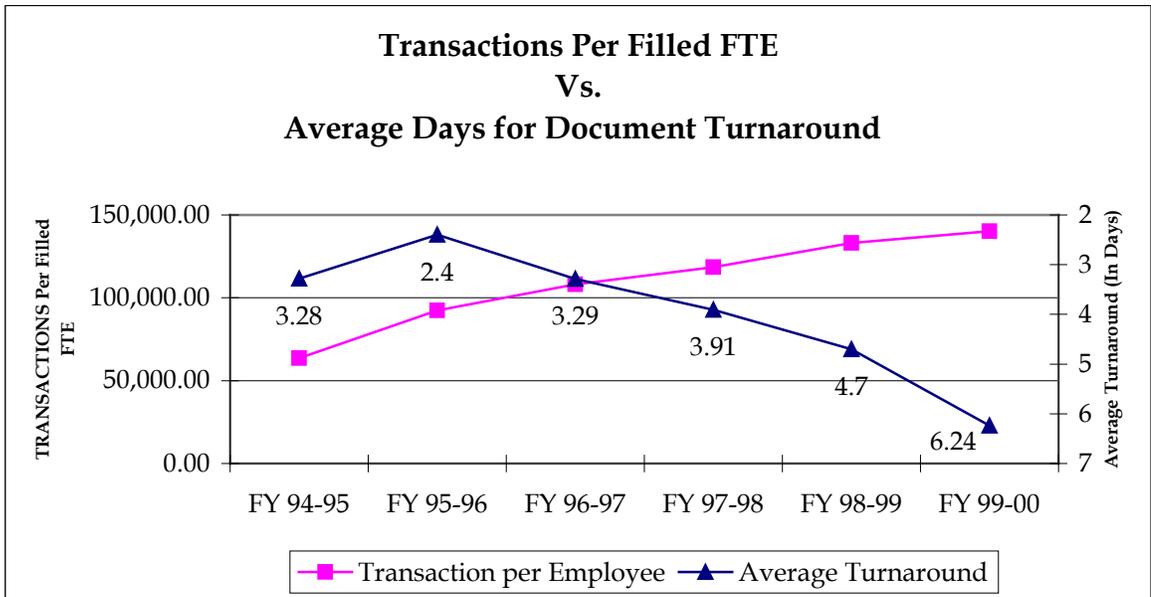
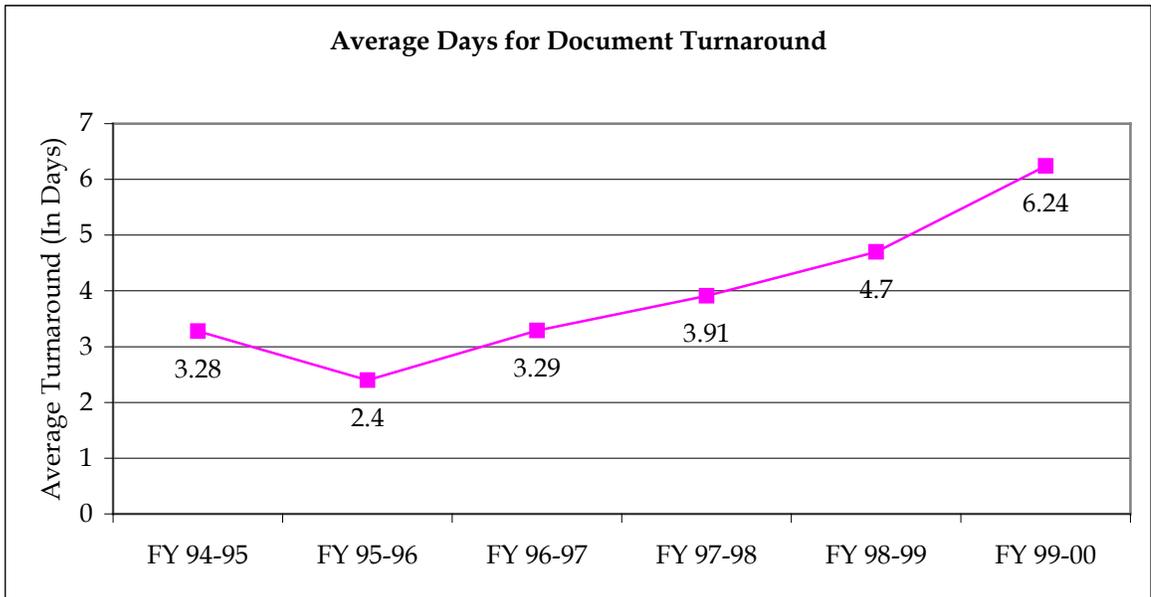


Automating and streamlining certain processes enabled us to reduce our authorized FTE's by 15% from fiscal year 1995 to fiscal year 2000. The number of filled positions is even less. As of August 31, 2000 we have 78 filled FTE's.

Conversely, during the same period financial transactions (e.g. Statewide Accounting and Reporting System, payroll, local government) processed by the agency increased by 95% while average transactions per filled FTE increased by 120%. Implementing Governmental Accounting Standard Board Statement Number 34 will further increase the volume of transactions.



The increase in transaction volume per FTE has adversely impacted service delivery quality. For example, state agencies submit requests for disbursements to this office. We pre-audit these requests to certify their validity, authenticity, and legality. For each request determined to be valid, we issue an electronic warrant to the state treasurer authorizing payment. In earlier years, when FTE's were more aligned with customer demand, our average time to pre-audit these transactions was 3.2 days. This was faster than our goal of four (4) business days. However, over the years as FTE's decreased and volume increased our average turnaround time slowed. We currently average 6.2 business days to pre-audit disbursement requests.

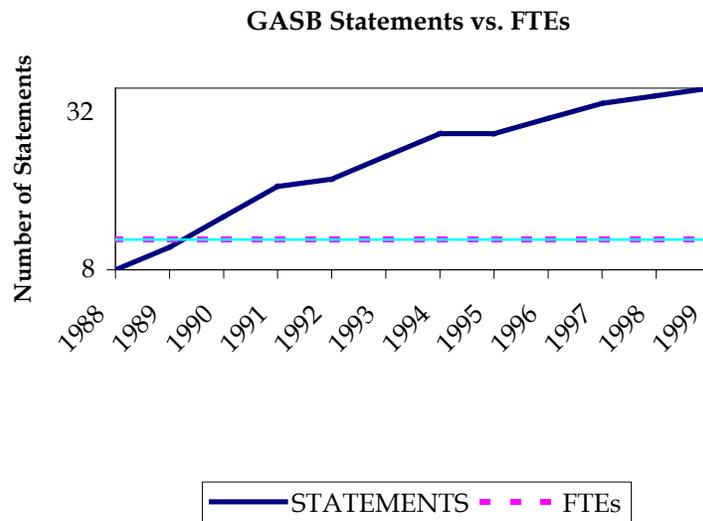


While transaction volume is a significant measurement indicator, all of the agency's work processes cannot be measured. These non-measurable processes must also be considered. For example, the increasing complexity of accounting issues dictate that more time be spent on research and similar processes to ensure accuracy and compliance with all requirements.

The State of South Carolina's Annual Comprehensive Annual Financial Report (CAFR) and the requirements to receive The Certificate of Achievement for Excellence in Financial Reporting is another example of increasing stakeholder expectations and demands placed on agency resources.

The Comptroller General's Office prepares the CAFR annually and meets the Government Finance Officers Association of the United States and Canada's (GFOA) requirements to receive the Certificate of Achievement for Excellence in Financial Reporting. The state has been awarded Certificates of Achievement for the CAFRs it has issued in each of the last twelve consecutive years (1987-1988 through 1998-1999).

Past awards are not necessarily indicative of the success of future applications for the award, however. Each year's CAFR must stand on its own, and the requirements for success have increased dramatically over the years. For example, in 1987-1988, governments were required to comply with only GASB Statement Nos. 1 through 8; in 1998-1999, governments were required to comply with numbered GASB statements through No. 32. South Carolina must comply with additional GASB Statement Nos. 33 and 36 in 2000-2001 and GASB Statement Nos. 34 and 35 in 2001-2002. While the requirements for earning the Certificate of Achievement for the CAFR have increased, the number of staff members assigned to this process has remained the same.



**PROGRAM:** Central State Audit Division

**PROGRAM COST:** State Appropriation: \$1,248,900

**GOALS:**

- Conduct a pre-audit of all disbursements of South Carolina State Government to ensure that agencies comply with the annual Appropriation Act.
- Certify the validity, authenticity, and legality of each payment.

**OBJECTIVES AND RESULTS:**

1. Process the statewide payroll accurately and on time 100% of the time.

*The statewide payroll was paid on the dates mandated by state law 100% of the time.*

**Benchmark:** Section 72.24 of the Annual Appropriation Act, requires state employees to be paid on a twice-monthly basis.

2. Provide accurate financial information and reports to the various income tax authorities and retirement systems within the time frames required by law.

*W-2's, 1099's and all reports required by various federal and state agencies were submitted by the required dates 100% of the time.*

**Benchmark:** Title 26, Chapter 64, Section 6302(g) of the Internal Revenue Code establishes the reporting schedule.

3. Pre-audit disbursement requests submitted by agencies accurately within an average of four (4) business days.

*Over 1.5 million Contingent Vouchers and Interdepartmental Transfers submitted by our customers were audited and accurately paid within an average of 6.24 business days.*

**GOAL**

**ACTUAL**

Average 4 business days

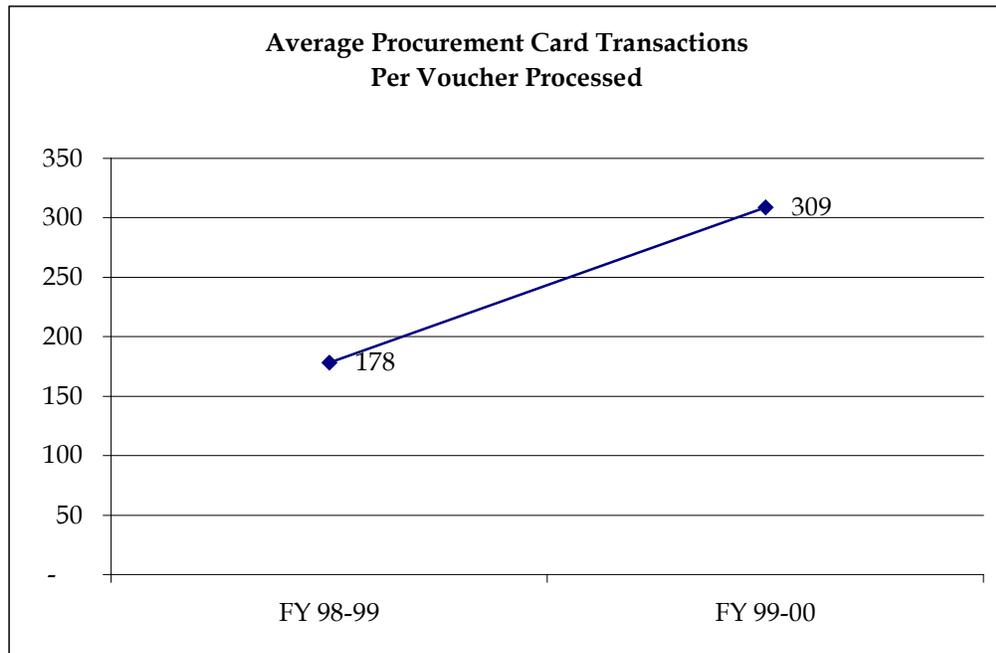
Average 6.24 business days

4. Encourage agencies to continue using the Visa Procurement card for small purchases, thereby, reducing transaction volume.

Agencies use of the procurement card continues to streamline the procurement process. For example, 100,000 procurement card transactions required only 327 vouchers to be processed for monthly procurement card statements.

The contract for the Procurement Card, which also includes higher education and local government entities, provides for a rebate to the state based on transaction volume and the number of cards issued. The rebate to the General Fund for FY 1999-2000 was \$60,000. The projected increase in transaction volume for FY 2000-2001 is expected to result in a rebate of \$120,000.

<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>
Procurement Card <u>Transactions</u>	43,000	<u>101,000</u>
<u>Vouchers</u>	241	<u>327</u>



**PROGRAM:** Central State Finance Division

**PROGRAM COST:** State Appropriation: \$1,067,823

**GOALS:**

- Provide centralized accounting and reporting of the state’s financial activities in accordance with the program structure mandated by the South Carolina General Assembly.
- Provide timely, accurate statewide financial data needed by state government and by external parties such as national bond rating firms, potential bond purchasers, other State creditors, citizen groups, and agencies of the Federal Government.
- Maintain a centralized Records Management Center that receives and safeguards the original STARS input documents submitted by state agencies.

**OBJECTIVES AND RESULTS:**

1. Account for the state’s financial activities in accordance with the program structure mandated by the South Carolina General Assembly.
  - Create a Chart of Accounts that includes all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program prior to the beginning of the fiscal year.

*Created a Chart of Accounts that included all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program prior to July 1, 2000.*

**Benchmark:** *The South Carolina Code of Laws, Title 11, Section 11-3-50 requires the Comptroller General's Office to account for all appropriations by the General Assembly.*

<u>Efficiency Measures</u>	<u>Fiscal Year</u> <u>1997-98</u>	<u>Fiscal Year</u> <u>1998-99</u>	<u>Fiscal Year</u> <u>1999-2000</u>
Transaction volume accounted for per FTE	\$16,517,813,665	\$18,022,541,264	\$21,429,816,07

- Pre-audit 100% of the STARS input documents (e.g. Appropriation/Cash Transfers, Budget Document 100's, Journal Vouchers) received from state agencies prior to input into STARS.

*Pre-audited 100% of the documents submitted by agencies.*

<u>Efficiency Measures</u>	<u>Fiscal Year 1997-98</u>	<u>Fiscal Year 1998-99</u>	<u>Fiscal Year 1999-2000</u>
<i>Input documents pre-audited per FTE</i>	7,658	7,992	8,264

2. Issue Statewide Accounting and Reporting System (STARS) policies and procedures updates to state agencies and other stakeholders annually.

- Reduce the cost of issuing and distributing annual updates by making the policies and procedures available on CD-ROM.

*Distributed STARS policies and procedures updates to agencies on CD-ROM for the first time.*

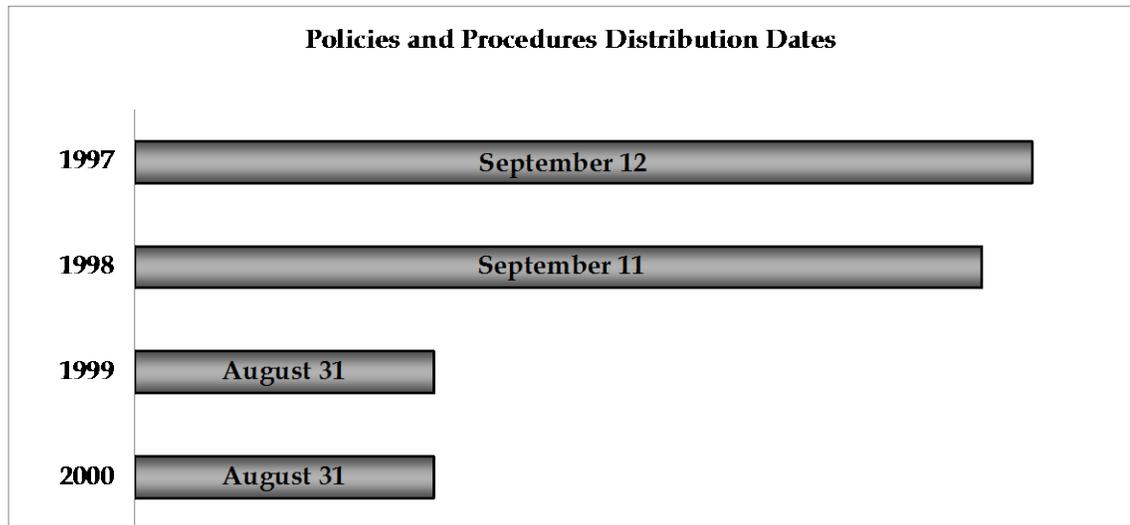
<u>Versions of Policies and Procedures Available</u>	<u>Fiscal Year 1997-98</u>	<u>Fiscal Year 1998-99</u>	<u>Fiscal Year 1999- 2000</u>
<i>Paper</i>	Yes	Yes	Yes
<i>Internet</i>	Yes (Selected portions)	Yes	Yes
<i>CD-ROM</i>	No	No	Yes*

*\* The CD-ROM was distributed in August 2000 and contained policies passed by the General Assembly during fiscal year 1999-2000 applicable to fiscal year 2000-2001.*

- Reduce the time it takes to inform agencies of changes by 10% for fiscal year 2000.

*Distributed annual Statewide Accounting and Reporting System (STARS) policies and procedures updates to state agencies and other stakeholders on August 31 (same date as last fiscal year). While we did not reduce the days required to distribute the annual updates, we produced more in the same time*

*period by making the policies and procedures available on CD-ROM for the first time. The CD-ROM was in addition to the paper and Internet versions.*



3. Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles, implementing all new accounting standards required by the Governmental Accounting Standards Board (GASB).

*Issued a fiscal year 1998-1999 CAFR that was in accordance with Generally Accepted Accounting Principles and contained all new accounting standards required by the Governmental Accounting Standards Board (GASB).*

***Benchmark:*** *Generally Accepted Accounting Principles which are a common set of standards that have been adopted by the accounting profession and have substantial authoritative support.*

***Benchmark:*** *The Governmental Accounting Standards Board (GASB) is an Independent agency that serves as the official body designated to set accounting and financial reporting standards for state and local governments.*

- Annually publish the finished CAFR within six months after the end of the fiscal year to help satisfy the State's bond rating needs.

*Issued the state's 1998-1999 CAFR by December 31, 1999, meeting the expectations of the state's bond rating agencies. The CAFR is the primary document used by bond rating companies to determine the state's bond rating.*

- Annually receive the Certificate of Achievement for Excellence in Financial Reporting, earning grades of “Acceptable” in 100% of the financial reporting areas noted within Program’s “Summary of Grading Results.”

*For the twelfth consecutive year, received the Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association of the United States and Canada. Earned grades of “Acceptable” (the highest grade awarded) in seventeen of seventeen (100%) of the financial reporting areas noted within the Certificate of Achievement Program’s “Summary of Grading Results.”*

**Benchmark:** *The Certificate of Achievement for Excellence in Financial Reporting is awarded by the Government Finance Officers Association of the United States and Canada to government units whose comprehensive annual financial reports achieve the highest standards in government accounting and financial reporting.*

- Annually obtain an unqualified (i.e., “clean”) audit opinion on the statewide financial statements with no auditor comments directed toward the Comptroller General’s Office.

*Received a clean audit opinion on the statewide financial statements for the fiscal year ended June 30, 1999. Received no suggestions for internal control improvements needed in the Comptroller General’s Office as a result of the 1998-1999 statewide audit.*

<b><u>Efficiency Measure</u></b>	<b><u>Fiscal Year 1997-98</u></b>	<b><u>Fiscal Year 1998-99</u></b>	<b><u>Fiscal Year 1999-2000</u></b>
<i>State assets properly reported in the CAFR per FTE</i>	\$3,661,930,300	\$ 4,048,906,737	\$4,066,214,200

- Begin implementing procedures to meet the requirements of GASB Statement Nos. 34 and 35.

*Hired a consultant to help implement GASB Statements 34 and 35 in the 2001-2002 statewide Comprehensive Annual Financial Report (CAFR) as required by Generally Accepted Accounting Principles (GAAP).*

- ✓ *Prepared, in conjunction with the consultant, approximately 95% of a GASB 34 implementation work plan.*

- ✓ *Established a GASB 34 Advisory Committee to communicate with and obtain feedback from state agency stakeholders; held the initial organizational meeting in June 2000.*
- ✓ *Established a GASB 34 implementation page on the Comptroller General's Office's web site to keep stakeholders informed of our progress and current issues.*

4. Maintain a centralized records management center that:

- Safeguards and accounts for 100% of the documents submitted by agencies (e.g. STARS input documents, payroll forms). The records management center maintains the original source documents for all financial transactions for all state agencies. These documents serve as the state's official records to support agency's financial transactions.

*Maintained a centralized records management program that safeguarded over 6.8 million documents. Provided 100% of the STARS original source documents requested by customers such as auditors, law enforcement personnel, judicial personnel, and state agencies.*

<u>Efficiency Measure</u>	<u>Fiscal Year 1997-98</u>	<u>Fiscal Year 1998-99</u>	<u>Fiscal Year 1999-2000</u>
<i>Financial documents maintained and accounted for per FTE</i>	3,362,050	3,396,575	3,412,050

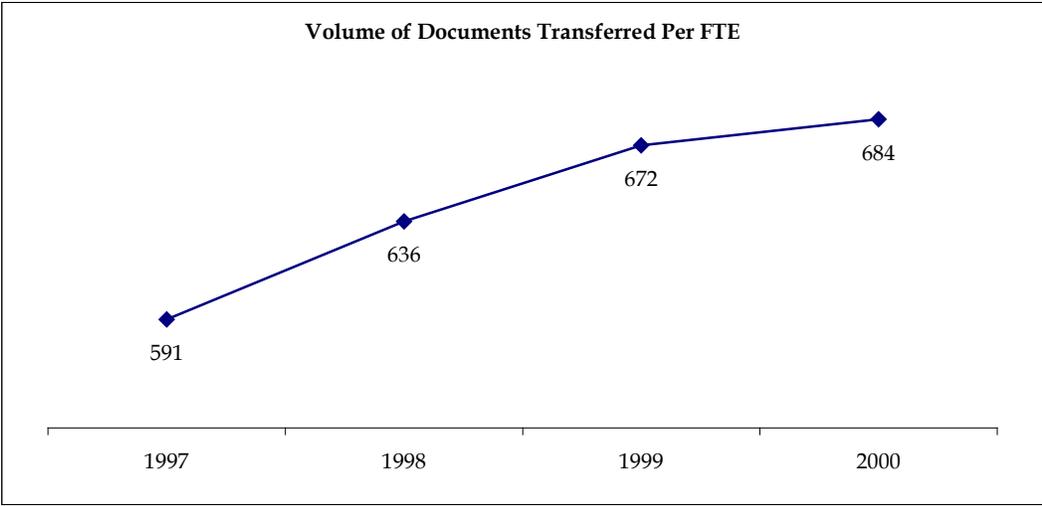
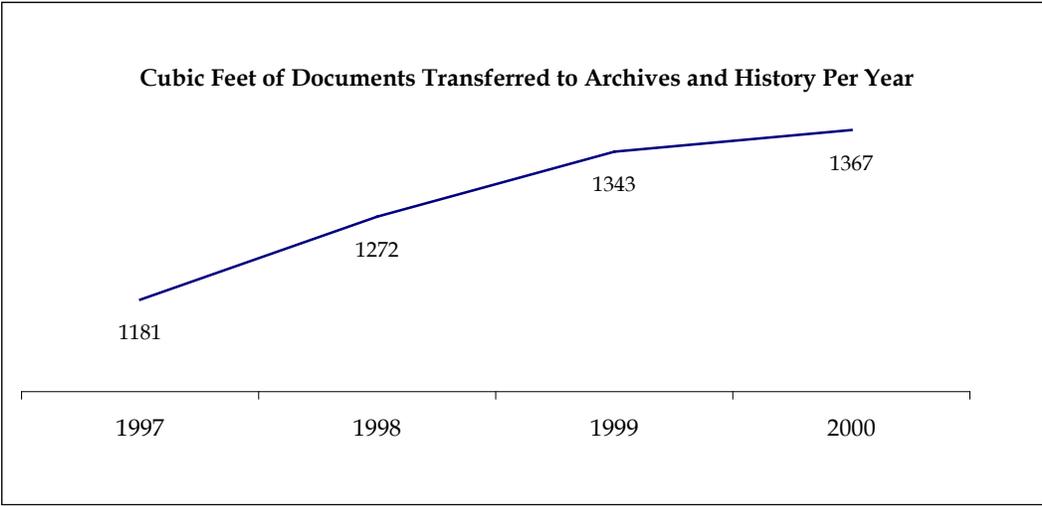
- Complies with the State of South Carolina's Public Records Act requirements.

*Transferred 1,367 cubic feet of documents to the Department of Archives and History. The 1,367 equates to 684 cubic feet per FTE and represents 100% of the documents that were required to be transferred per applicable record retention schedules.*

*The Department of Archives and History has recognized our records retention program as a Model Program.*

**Benchmark:** *Department Of Archives and History's Record Retention Schedules require Payroll Vouchers, Comptroller Payroll Personnel Files, Vouchers (Disbursement and Interdepartmental Transfer), Journal Vouchers, and Comprehensive Annual Financial Report Working Papers to be maintained by the*

*Comptroller General's Office for specified periods and then transferred to the State Records Center.*



**PROGRAM:** Administration/Local Government Division

**PROGRAM COST:** State Appropriation E12 \$ 1,117,404  
Aid to Subdivisions X12 \$12,292,271

**GOALS:**

- Provide executive management, coordination and support for the Comptroller General's Office.
- Maintain personnel files for agency employees and 92 county auditors and treasurers. Render services in the areas of personnel, public relations, employee benefits, procurement and budget and finance to support all divisions and ensure compliance with all state and federal requirements.
- Maintain direct contact with the county auditors, treasurers and tax collectors and supervise the property tax collection process.
- Audit requests and disburse funds to counties in accordance with the General Appropriation Act for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, State Residential Property Tax, and Motor Vehicle Tax Reduction Programs.
- Compile data for dissemination to various other governmental entities and prepare the Comptroller General's Disbursement Report to the General Assembly from data collected during the tax year.

**OBJECTIVES AND RESULTS**

1. Provide office employees and 92 county auditors and treasurers with an efficient, user-friendly payroll and employee benefits system. Coordinate staff development and training. In accordance with the Appropriation Act, disburse salary supplements to county officials in July totaling \$240,975.

*Maintained and provided payroll and insurance benefits records for 89 employees and 92 county auditors and treasurers. Provided information for all reclassifications and performance increases for all covered positions. Agency, one of twelve, exempted from submitting affirmative action plans. Annual audits conducted by the Office of Insurance Services and the Office of Human Resources revealed no exceptions to procedures. Disbursed salary supplements to county officials in July totaling \$240,975.*

***Benchmark:*** Part 1A, Section 69A.1. of the FY 2000 Annual Appropriation Act requires the Comptroller General to distribute salary supplements to county officials.

2. Provide an internal financial, property management and procurement system to support all divisions and ensure compliance with all state and federal requirements.

*For the past twelve years, agency received a "clean" opinion in the annual audit conducted by an outside audit firm. Also, in compliance with the South Carolina Consolidated Procurement Code, no procurement exceptions have been noted since 1986.*

3. Provide all state employees participating in the state's United States Savings Bond program with a rapid response to their questions and a timely purchase of their bonds.

*Processed transactions to purchase 16,076 bonds for a total of \$978,300. Provided assistance to state employees in replacing lost or stolen bonds, reconciled financial records, and coordinated bond purchases with the Federal Reserve Bank.*

4. Audit requests and disburse funds to counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, State Residential Property Tax, and Motor Vehicle Tax Reduction Programs.

*Audited and disbursed the following to local government entities:*

*266,700 Homestead Exemption accounts totaling \$53,579,824*

*51,412 Merchants' Inventory accounts totaling \$40,559,378*

*2,869 Manufacturers' Depreciation accounts totaling \$35,729,198*

*1,146,503 Residential Property Tax Relief accounts totaling \$251,576,947*

*46 counties were paid a total of \$20 million for Motor Vehicle Tax Reduction in January.*

***Benchmarks:*** Disbursements are made in accordance with the requirements of The South Carolina Code of Laws - Sections 12-37-251, Homestead exemption from property taxes; 12-37-450, Business Inventory tax Exemption; reimbursement of counties and municipalities; 12-37-270, Reimbursement for tax loss in counties allowing homestead exemptions; and 12-37-935, Maximum percentage depreciation; trust fund for tax relief.

5. Supervise the Annual County Auditors, Treasurers and Tax Collectors Academy conducted by the University of South Carolina's Institute of Public Affairs. Conduct workshops and seminars to advise and update auditors, treasurers and tax collectors on reimbursement and reporting procedures and any legislative changes.

*A survey conducted among participants of the Academy by the University of South Carolina's Institute of Public Affairs indicated an average mean of 4.08 with 5.0 being the highest level of satisfaction for presentation and program content.*

**PROGRAM:**           **Data Processing Division**

**COST:**               State Appropriation:       \$763,980

**GOALS:**

- Provide ongoing information technology system support for all programs administered by the Comptroller General's Office. Including all statewide accounting and payroll functions, local government functions and internal administrative functions of the agency.
- Provide production information technology processing support for the agency.
- Provide assistance to programs in identifying and applying new technology or changes to existing technology in areas that would benefit the Comptroller General's Office and the state.

**OBJECTIVES and RESULTS:**

1. Maintain and enhance existing systems of the Comptroller General's Office, including all modules and associated documentation.

*Maintained and enhanced systems in each of the agency's program areas allowing these areas to accurately and efficiently meet their objectives. There were 229 requests completed involving the creation or modification to over 2,100 information technology modules. The total module inventory of 13,241 modules represents an increase of approximately 500 modules over the prior year.*

2. Maintain and monitor the security measures in place to protect the Comptroller General's information technology resources.

*Completed 276 security requests for action against an inventory of 914 user id's. 100% of the requests for security actions were completed in a timely manner allowing authorized users undeterred access to the systems.*

3. Ensure that all agency program needs for information technology services are met. Provide technical and user support for these services. Maintain accurate documentation and audit trail of changes for all information technology resources.

*Over 12,885 man-hours were dedicated to servicing the information technology needs of the agency. These hours include not only the time spent directly associated with a request, but also all the technical support resources used to support this activity. It does not include the hours associated with routine production processing.*

4. Ensure that all daily, weekly, monthly and annual production information processing is completed successfully and on time and that all output reports are distributed to the appropriate programs within the Comptroller General's Office.

*Processed and accounted for over 45,000 production jobs during the year, a 12 % increase from the prior year.*

5. Maintain accurate records of all production processing including inventory of historical and backup files, as well as, control logs of all external files input to or output from their respective systems.

*Accounted for and controlled over 22,000 external input and output files and approximately 56,000 internal tapes.*

6. Create and process the adhoc reports necessary to answer both internal and external information requests.

*Created and processed 323 adhoc reports for information requested from the state's financial information. 100% of the report requests were completed accurately and within the time frame requested.*

7. Meet with the management of each program area within the agency on a regular basis to discuss on going and potential new information technology projects. The primary objective of these meetings is to provide an open forum for both data processing employees and program area employees to discuss information technology issues. Accurate documentation of these meetings is maintained for future reference.

*Met weekly with each program area's management to discuss information technology related issues. These meetings resulted in the identification and implementation information technology related enhancements to systems and processes.*

8. Receive no comments as a result of the EDP audit performed as part of the statewide audit.

*Received no comments as a result of the EDP audit performed as part of the statewide audit.*