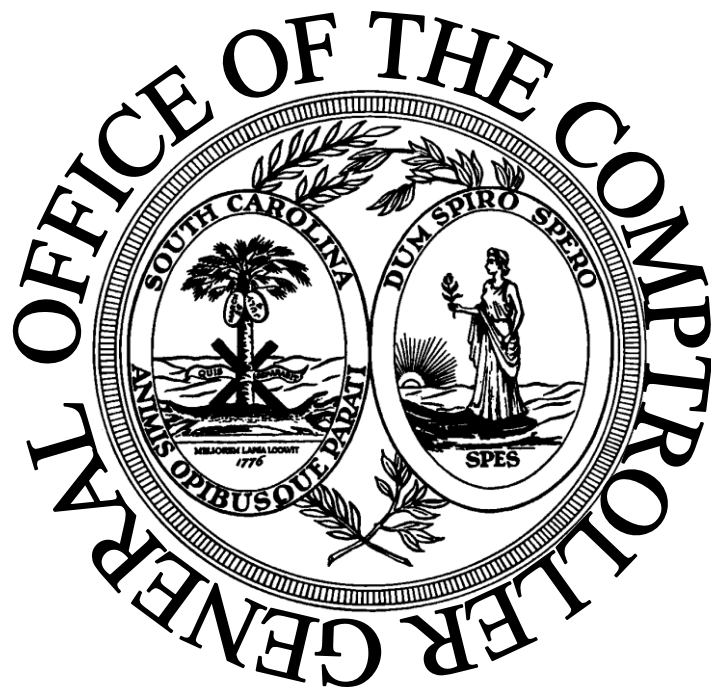


**ACCOUNTABILITY REPORT  
STATE OF SOUTH CAROLINA**



**Fiscal Year 2002-2003**

## LETTER OF TRANSMITTAL

Office of State Budget  
Attention: Karen Amos  
1201 Main Street, Suite 950  
Columbia, South Carolina 29201

Dear Ms. Amos:

I am pleased to submit the Comptroller General's Office Annual Accountability Report for Fiscal Year 2002-2003.

The Comptroller General is the state's chief fiscal officer. The Office provides fiscal controls over both receipt and disbursement of public funds; reports annually on the financial operations and condition of state government; assures that money due state and local governments is collected through lawful tax administration; and provides fiscal guidance to state agencies and local governments.

The Comptroller General, Chief of Staff, and Division Directors comprise the agency's senior management team. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating service, Government Finance Officer's Association of the United States and Canada, and the Internal Revenue Service to determine the performance expectations.

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,

Nathan Kaminski, Jr.  
Chief of Staff

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## SECTION I - EXECUTIVE SUMMARY

### 1. Mission and Values

The Comptroller General's Office mission is to:

- Provide 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).
- 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.

The agency's core values are:

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

**I**ntegrity. 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.

**I**nnovation. 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.

**E**xcellence. The Comptroller General expects the agency to meet all customers requirements and exceed their expectations.

### 2. Key Strategic Goals for FY 2002-2003 and Future

- Issue a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003 that complies with the standards of GAAP and of the Government Finance Officers Association of the United States and Canada's Certificate of Achievement program.
- Continue development of the South Carolina Enterprise Information System. This system will provide a comprehensive platform for managing the state's finances. See page 20.
- Maintain the document management system at the current level until sufficient funds are available to include document management and imaging through the SCEIS. See page 19.

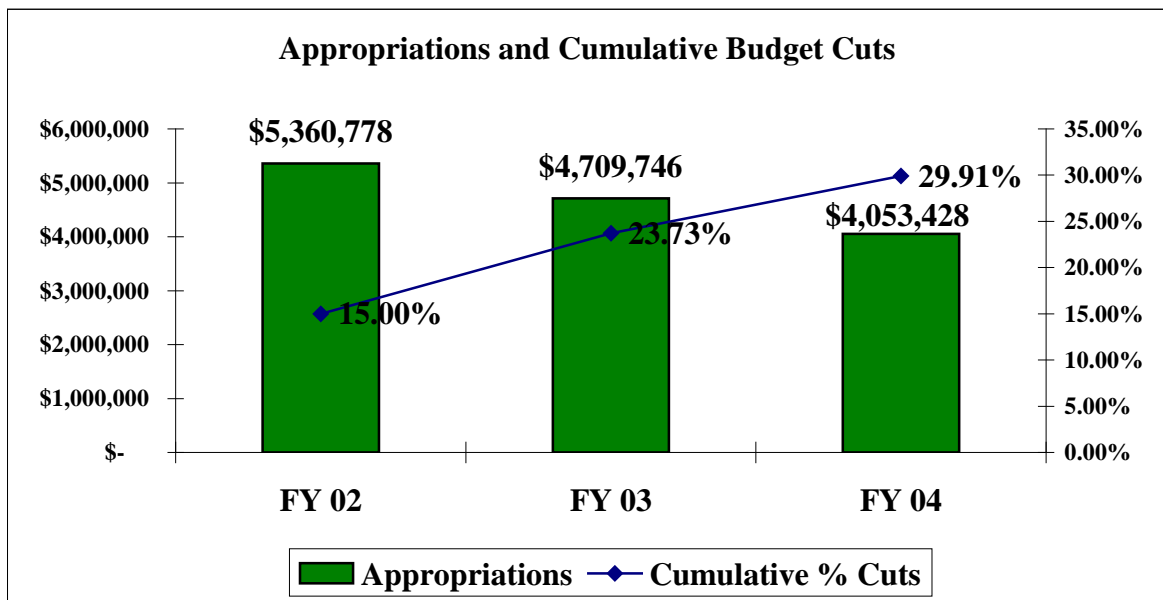
### 3. Opportunities and Barriers

#### a. Opportunities

- The South Carolina Enterprise Information System (SCEIS) provides a tremendous opportunity for the state to have an enterprise solution for managing the state's financial activities. The SCEIS will enhance efficiencies in the day-to-day administration of state government. See page 20.
- The Document Management System was implemented in February 2002 as the pilot of an electronic document managing system. Because of funding limitations, we began with three agencies: the House of Representatives, the Senate, and the Department of Mental Health. The pilot phase of this project has been a tremendous success. This project, which takes advantage of digital imaging technology, has demonstrated the cost savings and efficiencies that can be realized with implementation of a statewide document management system.

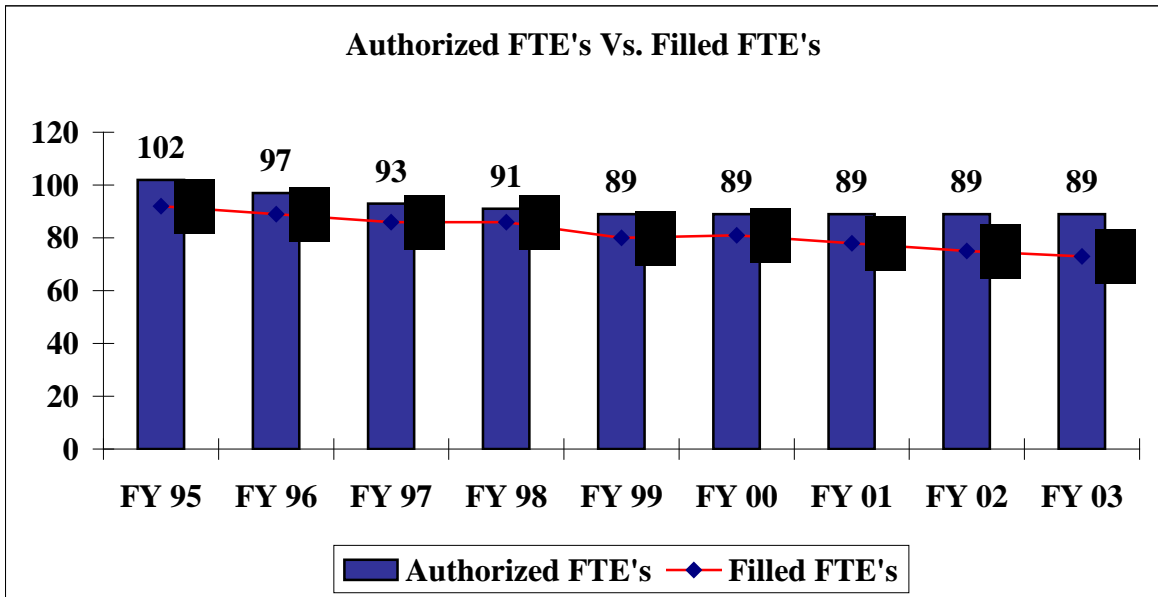
#### b. Barriers

Dwindling appropriations are adversely impacting the agency's most valuable asset-human capital. Over the past three years, the agency has endured six budget cuts for a 29.91% decrease in appropriations.



Furthermore, over the past nine years the agency's filled FTE's have declined by 21 percent. To offset the decrease in FTE's, the agency employed student interns. Using students to perform some of the basic functions allowed experienced employees to focus on more complex issues. Using student interns also served as a recruiting tool.

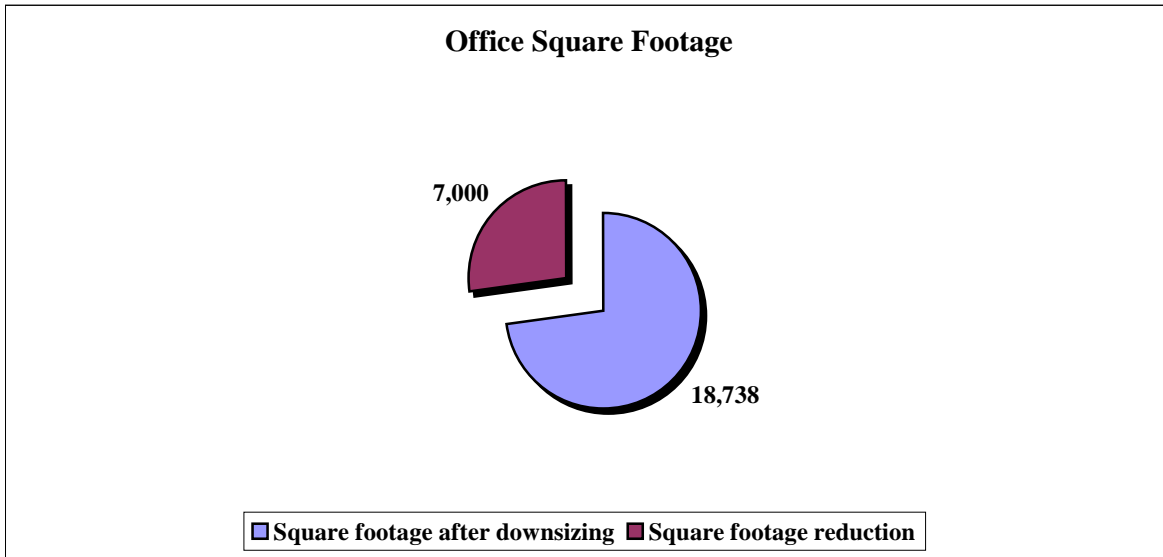
Hopefully, by exposing students to our work environment and processes, they would choose this agency or state government as a future career choice. However, because of budget reductions, the agency has eliminated all student intern positions. As of June 30, 2003, we have 73 filled FTE's and no student interns.



Senior management recognizes that the agency's most valuable asset is the experience and critical thinking skills of its staff. The knowledge required to accomplish the agency's mission and meet its service delivery requirements is dispersed among employees. Therefore, in order to hold onto an adequate workforce, the agency has taken severe cost saving measures.

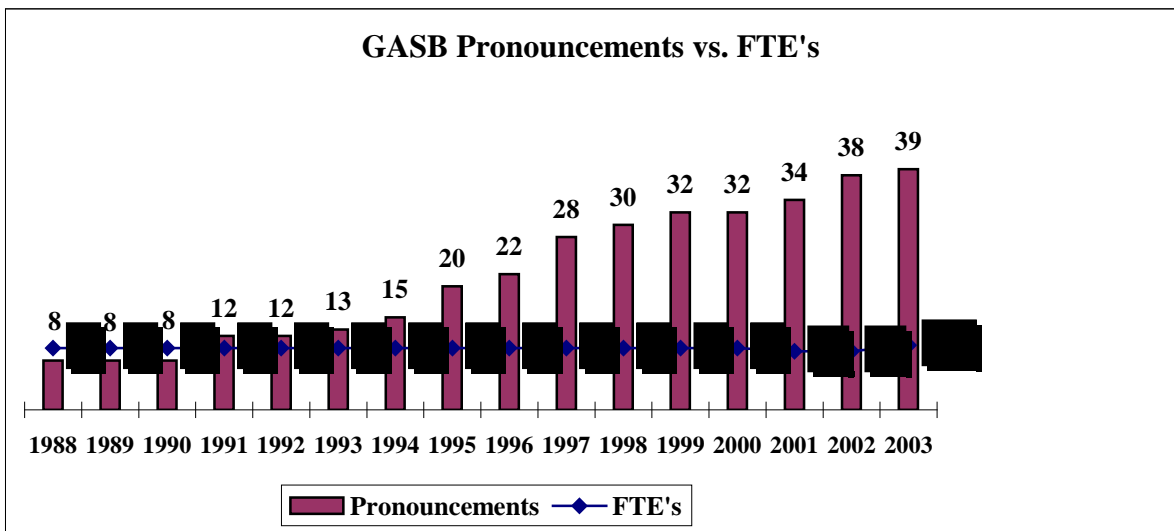
For example, senior management has been forced to curtail paid professional development courses. Because sufficient funds were not available to pay for the same type and extent of training as provided in the past, the number of professional development hours provided to employees is significantly lower than past fiscal years (see page 23). Consequently, many employees with professional designations that are required to obtain a minimum number of continuing professional education credits each year, chose to pay for courses with personal funds in addition to utilizing the no cost or low cost training being arranged for them by the agency. The training paid for by employees is not included in the chart on page 23. Senior management is aware that the cumulative knowledge gained through experience and education is critical to the successful operation of an agency and will continue to seek ways to provide relevant, no cost or low cost training for staff persons.

As a more major cost saving measure, the agency is in the process of downsizing office space by approximately 7,000 square feet. The realized savings in rent costs will enable the agency to better survive potential budget cuts in fiscal year 2004 and retain needed staff.



In spite of the cost cutting measures described above, and others, we have only been able to retain staff because of nonrecurring monies appropriated by the General Assembly for special projects. If we had not received these funds, the reduction in FTE's would have severely crippled basic agency operations.

The need to retain knowledgeable, well trained staff is critical because the agency's service requirements continue to increase. For example, the agency produces the state's Comprehensive Annual Financial Report (CAFR). The CAFR presents the state's financial activities in accordance with generally accepted accounting principles. It is used by the bond raters to determine the state's credit rating. The CAFR must be prepared in accordance with statements and interpretations (pronouncements) issued by the Governmental Accounting Standards Board (GASB). The number of pronouncements issued by GASB has grown from 8 in fiscal year 1988 to 39 in fiscal year 2003. GASB is expected to issue additional pronouncements in the near future. While the number of GASB pronouncements to research and implement is steadily rising, the number of staff assigned to this process (most of whom must be CPA's) remains relatively constant.



To meet the demands of issuing a CAFR, personnel in the agency's Financial Reporting Division are required to work an inordinate amount of overtime. The continuous increase in reporting requirements is tasking the agency's ability to successfully issue a CAFR. These requirements caused the agency to seek a two month extension on its reporting deadline for the state's June 30, 2002 CAFR.

Similar examples can be found throughout the office. See page 34 for an example of steadily increasing transaction volume in the Local Government Division. It is critical that our human resources be properly aligned with customer requirements and stakeholder needs.

#### **4. Major achievements for the fiscal year**

- Conducted customer satisfaction surveys and compared these to the American Customer Satisfaction Index, a nationally recognized index that provides industry specific measures of customer satisfaction. See page 21-23.
- Continued working toward our long-range goal of implementing a statewide enterprise information system that will provide a comprehensive statewide platform for managing the state's finances. See page 20.
- Met all payroll requirements. The statewide payroll was paid on the dates mandated by state law 100% of the time. Also, payroll withholdings were deposited within required time frames and accurate financial information was submitted on time to the Internal Revenue Service and other agencies 100% of the time. By meeting these requirements the agency avoided a minimum of \$8.4 million in federal tax deposit penalties. See page 25.
- Issued a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002 that complies with the standards of the Government Finance Officers Association of the United States and Canada's Certificate of Achievement program. See page 31.
- Implemented the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments successfully.



## SECTION II - BUSINESS OVERVIEW

### 1. Number of Employees

At the end of fiscal year 2002-2003 the Comptroller General's Office had a total of 89 authorized FTE's. 73 of the 89 authorized FTE's were filled and 16 were vacant.

### 2. Operation Location

The Comptroller General's Office is located in the Wade Hampton Building in Columbia, South Carolina. There are no satellite offices.

### 3. Base Budget Expenditures and Appropriations

Major Budget Categories	01-02 Actual Expenditures		02-03 Actual Expenditures		03-04 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$3,806,068	\$3,806,068	\$3,822,209	\$3,822,209	\$3,023,554	\$3,023,554
Other Operating	\$54,658	\$54,658	\$190,148	\$68,749	\$254,866	\$54,866
Special Items	-	-	-	-	-	-
Permanent Improvements	-	-	-	-	-	-
Case Services	-	-	-	-	-	-
Distributions To Subdivisions	-	-	-	-	-	-
Fringe Benefits	\$951,587	\$951,587	\$967,573	\$967,573	\$975,008	\$975,008
Non-recurring	-	-	-	-	-	-
<b>Total</b>	\$4,812,313	\$4,812,313	\$4,979,930	\$4,858,531	\$4,253,428	\$4,053,428

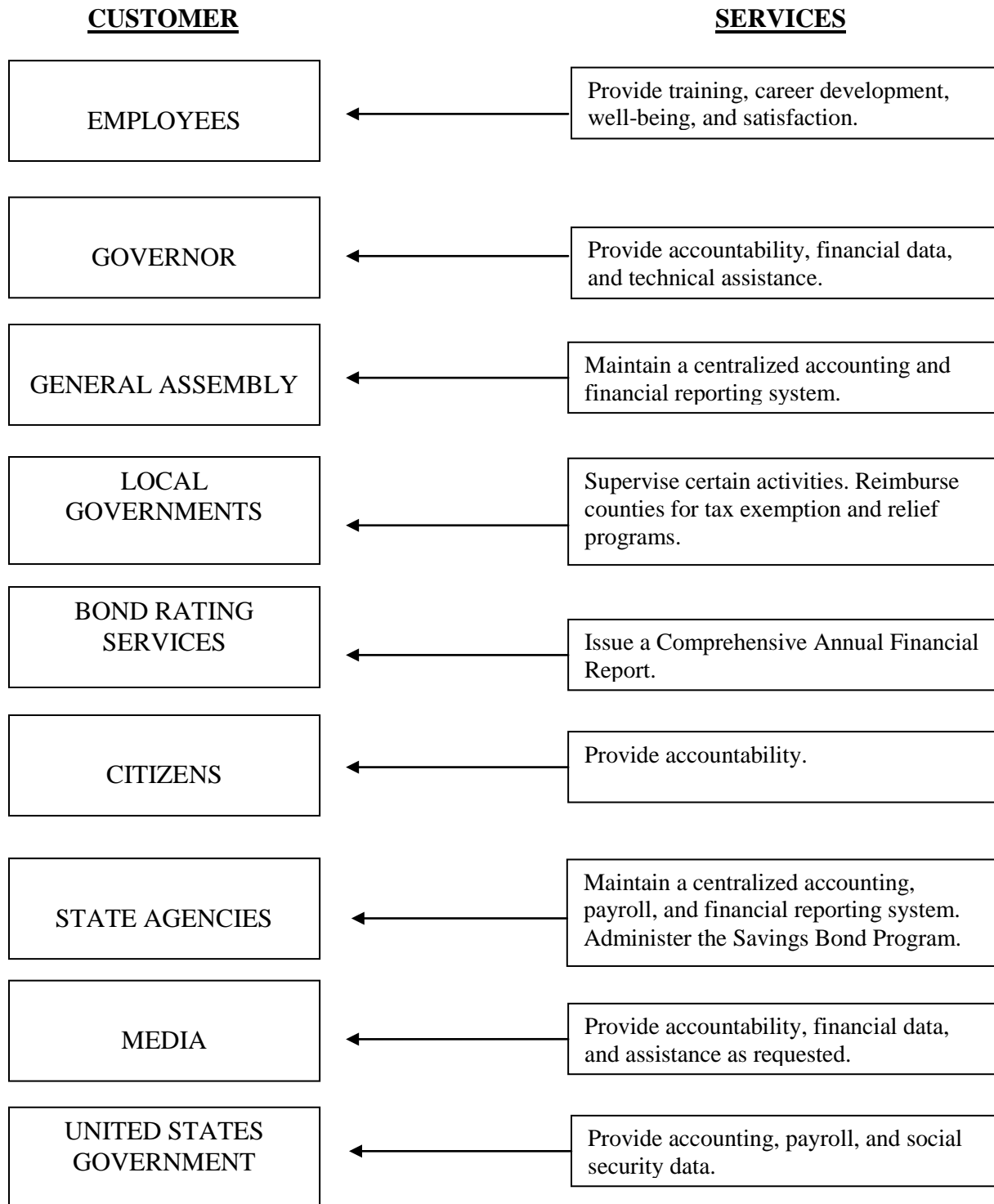
Other Expenditures

<b>Sources of Funds</b>	<b>01-02 Actual Expenditures</b>	<b>02-03 Actual Expenditures</b>
Supplemental Bills	\$482,117	\$19,298
Capital Reserve Funds	\$815,030	\$128,045
Bonds	-	-

**Interim Budget Reductions**

<b>Total 01-02 Interim Budget Reduction</b>	<b>Total 02-03 Interim Budget Reduction</b>
\$318,106	\$404,045

**4. Key Customers And The Key Services Provided**



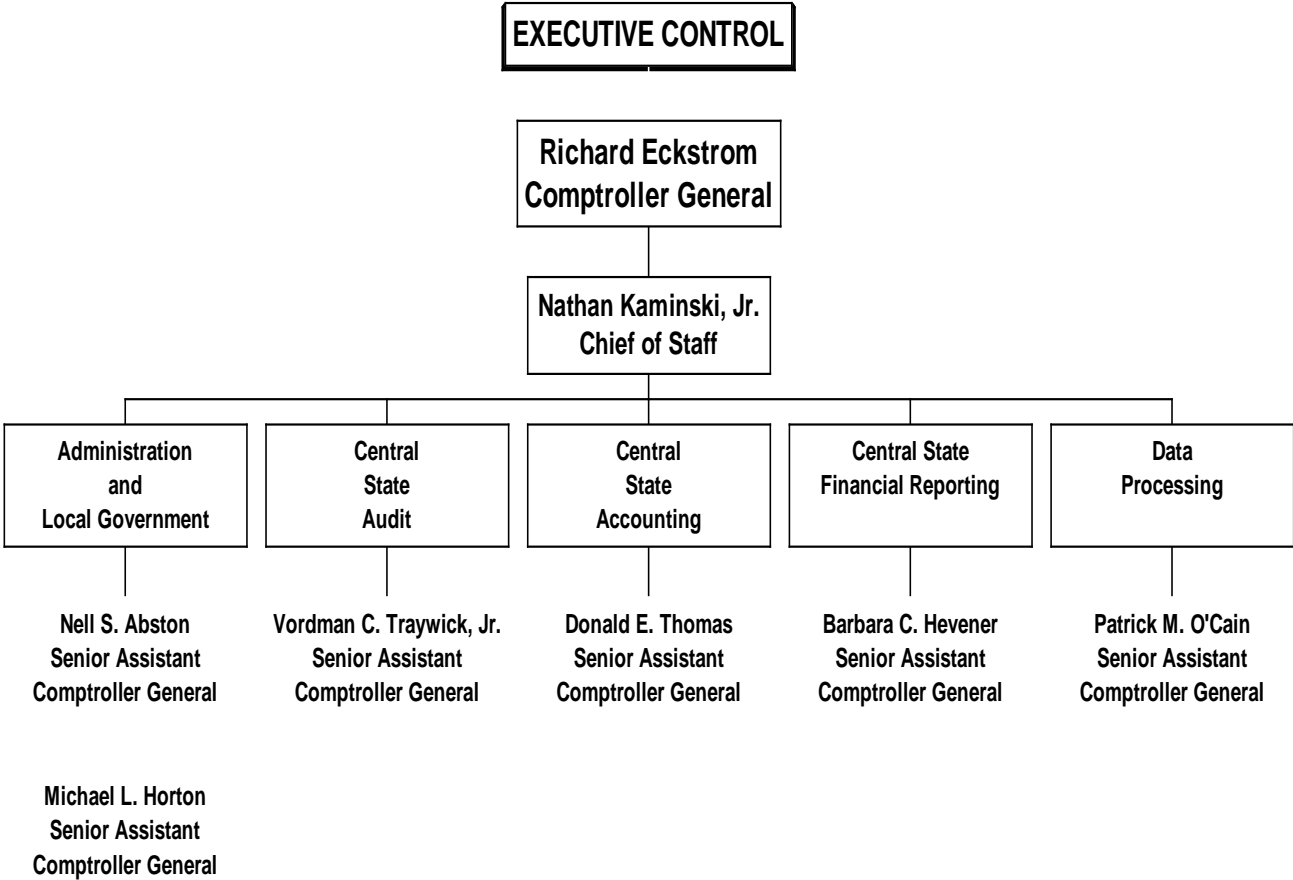
## **5. Key Suppliers**

- State agencies (including universities)
- Local governments
- Independent audit firms

## **6. Description of Major Products and Services**

The Comptroller General's Office was created in 1890 to supervise the expenditure of all state funds. All payrolls for state employees, vouchers for bills owed by the state and interdepartmental payments between state agencies are submitted to the Comptroller General. These payments are scrutinized to insure they are proper and that funds are available to cover the expense. Upon approval, a warrant is issued authorizing the State Treasurer to make the payment. The office maintains accounting controls for all state agencies and all funds in the state budget. The Comptroller General issues the state's Comprehensive Annual Financial Report, which is used by national firms to determine the state's bond rating for borrowing. The office also supervises the collection of property taxes, administers the Homestead Exemption Program for senior citizens and the disabled, the Property Tax Relief Program, the Manufacturers' Depreciation Fund, and the Merchants' Inventory Exemption Program. The Comptroller General is a member of the State Budget and Control Board.

**COMPTROLLER GENERAL'S OFFICE**  
**Organizational Structure**  
**and**  
**Managerial Staff**



## SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

### **CATEGORY 1 - LEADERSHIP**

The comptroller general is a statewide elected position. The comptroller general, chief of staff, and division directors comprise the agency's senior management team. Senior management develops the strategic plan and sets the agency's vision. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating services, Government Finance Officer's Association of the United States and Canada, and the Internal Revenue Service to determine the performance expectations. These expectations significantly influence the agency's short and long-term direction.

**1.1. *How do senior leaders set, deploy and communicate: (a) short and long term direction, (b) performance expectations, (c) organizational values, (d) empowerment and innovation, (e) organizational and employee learning, and (f) ethical behavior?***

Senior management communicates direction, performance expectations, and organizational values through the strategic plan, Employee Performance Management System, correspondence, and staff meetings. Expected ethical behavior is communicated to employees through training sessions, employee evaluations, and staff meetings. Employees are encouraged to submit suggestions through the Employee Innovation System.

**1.2. *How do senior leaders establish and promote a focus on customers?***

Senior management recognizes the importance of internal and external customer satisfaction. Senior leaders strive to foster an environment where employees are treated with respect and believe that their contributions are appreciated. Additionally, senior management emphasizes performance expectations to employees. Staff meetings, performance reviews, and informal discussions are the primary methods used to communicate the focus on customers.

**1.3. *What key performance measures are regularly reviewed by your senior leaders?***

Senior management regularly reviews the agency's: customer satisfaction level, knowledge management, response time, and document turnaround time. Senior management pays particular attention to insuring that the agency's efforts and resources are focused on complying with all applicable mandates.

**1.4. *How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization?***

Senior leaders conduct an annual *Employee Satisfaction Survey*. They review the survey results to evaluate the effectiveness of the agency's leadership and hold brainstorming sessions to identify ways to improve and strengthen employee satisfaction. Each division director discusses the survey comments with staff members. Additionally, the survey results are posted in each division.

**1.5. *How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?***

The agency's primary responsibility is to account for and report on the state's financial activities. Senior management communicates frequently with suppliers and stakeholders to discuss the agency's service requirements. The services required, scope of work, intended results, impact on stakeholders, and associated risks are discussed. Senior management and all applicable parties (e.g. customers, suppliers, stakeholders) work together to accomplish the desired outcome.

**1.6. *How does senior leadership set and communicate key organizational priorities for improvement?***

Senior management meets weekly to measure agency progress in accomplishing stated objectives. Areas where improvement is needed are identified and methods for improvement are established. Senior leaders communicate agency priorities and methods for improvement through staff meetings, performance evaluations, informal discussions, and written communication.

**1.7. *How does senior leadership and the agency actively support and strengthen the community? Include how you identify and determine areas of emphasis.***

The agency supports the community through participation in the annual United Way Campaign and the Good Health Appeal. Also, many of our employees voluntarily participate in blood drives. Each employee determines his/her areas of community activity.

## **CATEGORY 2 - STRATEGIC PLANNING**

- 1. What is your Strategic Planning process, including participants, and how does it account for: customer needs and expectations, financial, societal and other risks, human resource capabilities and needs, operational capabilities and needs, and supplies/contractor/partner capabilities and needs?***

The comptroller general and senior management are responsible for formulating the agency's strategic direction. The strategic plan is aligned with the agency's mission, vision, and values. Each year, senior management reviews accounting and financial reporting requirements mandated by such stakeholders as the General Assembly, the Governor, the Government Finance Officers Association of the United States and Canada, the Governmental Accounting Standards Board (GASB), and the Federal Government. Senior management formulates strategies based on input from staff members, state agencies, and other customers. Senior management determines: what needs to be done, the expected completion time, and the estimated people hours required.

Senior managers then prioritize tasks and establish work schedules. Senior management deploys the strategic plan to staff members. The tasks, priority, timelines, and completion dates are communicated to employees through staff meetings, performance evaluations, and written communication. Senior managers are responsible for insuring that agency resources are used efficiently and that the functions performed are aligned with the strategic direction. Performance measures emphasized include customer satisfaction, cycle time, cost savings/cost avoidance, and goal obtainment.

- 2. How do you develop and track action plans that address your key strategic objectives?***

See answer to question 1 in Category 2.

- 3. How do you communicate and deploy your strategic objectives, action plans and performance measures?***

See answer to question 1 in Category 2.

- 4. What are your key strategic objectives?***

- Utilize the Malcolm Baldrige Criteria for Performance Excellence to enhance agency processes and efficiency.
- Maintain a high level of customer satisfaction.
- Participate in and encourage development of a statewide enterprise resource planning system.
- Provide the type of organizational environment that attracts and retains skilled employees.
- Meet 100% of all mandated requirements.

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



## **CATEGORY 3 - CUSTOMER FOCUS**

### **1. *How do you determine who your customers are and what their key requirements are?***

The agency's customers and stakeholders are identified through the annual planning process. The majority of our service requirements are mandated by state legislation, federal regulations, bond rating services, and authoritative accounting organizations. Senior management regularly reviews accounting and financial reporting requirements issued by these entities to determine their expectations, to identify services required to be performed by this agency, and to determine our customers. Additionally, through participation in professional organizations, senior leaders exchange information with and receive feedback from our suppliers, customers, and stakeholders. Our key customers and their expectations are listed on page eight.

### **2. *How do you keep your listening and learning methods current with changing customer/business needs?***

As a statewide elected official, the comptroller general is frequently called on to address citizen groups. He also meets with members of the General Assembly, the media, and bond rating services. The comptroller general uses these opportunities to communicate with our customers and stakeholders to make certain that the agency's service delivery is aligned with their needs.

Also, members of senior management annually participate in forums held by professional accounting organizations. In addition, approximately eight times a year the agency conducts workshops for county auditors, treasurers and tax collectors. These forums and workshops afford us the opportunity to communicate with our customers and receive feedback. Furthermore, 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. When needed, we use advisory groups and/or professional advisors to insure that service requirements and customer expectations are met.

### **3. *How do you use information from customers/stakeholders to improve services or programs?***

Information received from customers/stakeholders is discussed by senior management during the weekly directors meeting. Positive comments reinforce areas of strength. Constructive comments serve as areas of emphasis for improvement. Senior managers evaluate the comments received and devise a plan for improvement. The plan for improvement is communicated to staff members through methods such as staff meetings or training.

### **4. *How do you measure customer/stakeholder satisfaction?***

Customer satisfaction is measured through formal and informal processes. The agency conducts an *Employee Satisfaction Survey* and a *Customer Satisfaction Survey*. The *Employee Satisfaction Survey* is designed to elicit qualitative and quantitative information. Employees respond to statements in the categories shown in the *Employee Satisfaction Model*.

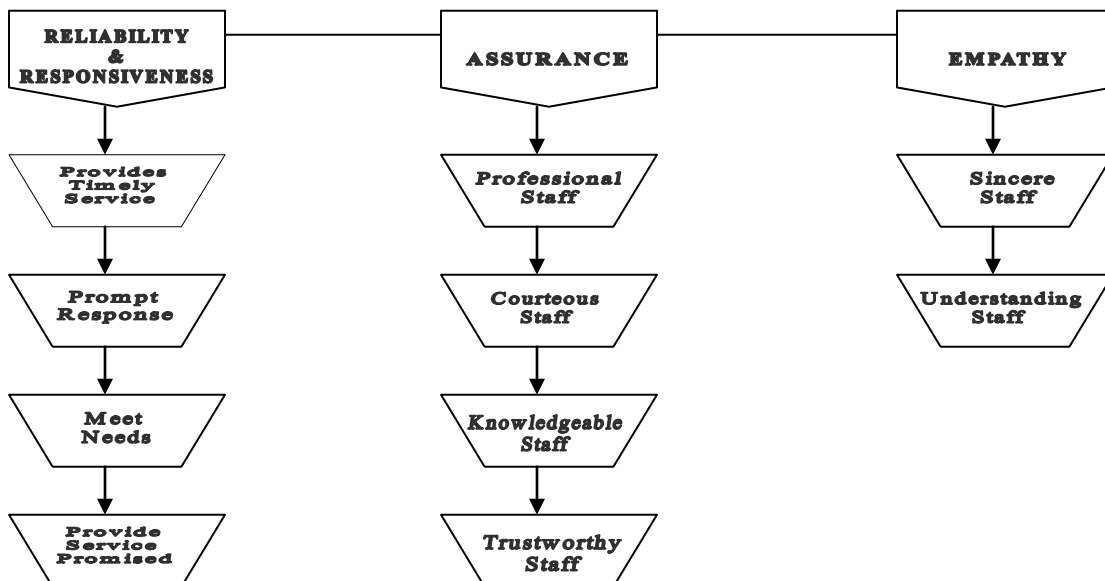
## EMPLOYEE SATISFACTION MODEL



For each statement, employees indicate the extent they agree or disagree. Employees also indicate their overall level of job satisfaction. Space is provided for employee comments. The survey results are provided to each senior manager and distributed to employees. Senior managers meet with employees to discuss the survey. The managers meet to discuss the survey results and brainstorm on improvement methods. The survey results and comments are used as a basis to increase employee satisfaction.

The *Customer Satisfaction Survey* is also designed to elicit qualitative and quantitative information. Customers respond to statements in the categories shown in the *External Customer Satisfaction Model*. For each statement customers indicate the extent they agree or disagree. Space is also provided for comments.

## EXTERNAL CUSTOMER SATISFACTION MODEL



## **CATEGORY 4 - INFORMATION AND ANALYSIS**

### ***1. How do you decide which operations, processes and systems to measure?***

Most of the agency's service delivery requirements are mandated by the South Carolina General Assembly, Governmental Accounting Standards Board, and Federal Government. Accordingly, our measures are driven by the needs of our customers and stakeholders. Some of these measures include: cycle time for pre-auditing disbursement requests submitted by state agencies and issuing a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles within the prescribed time frame. We select other measures such as customer satisfaction level, cost savings or cost avoidance to evaluate management performance.

### ***2. How do you ensure data quality, reliability, completeness and availability for decision making?***

Our data quality, reliability, and completeness are enhanced through detailed, written instructions to our employees and suppliers. Training is provided to make certain that staff members and suppliers are knowledgeable of all requirements. Data submitted to this office is reviewed prior to input into the Statewide Accounting and Reporting System (STARS). Additionally, our automated systems contain edits that will reject erroneous data from being posted to the system. Documents such as reports prepared by staff members are reviewed prior to distribution.

### ***3. How do you use data/information analysis to provide effective support for decision making?***

Data is made available and is used in decision making at every level in the organization. Data collection and analysis is the first step performed by senior leaders in the strategic planning process. All individuals responsible for decision-making are provided with the needed data or are provided support to assist them in data collection and analysis.

### ***4. How do you select and use comparative data and information?***

The type of comparative data and information is based on customer expectations, the desired outcome, and the availability of data. Emphasis is placed on insuring that the agency's limited resources are being used to meet goals outlined in the strategic plan. For example, one of the agency's annual goals is to receive a Certificate of Achievement for Excellence in Financial Reporting that is issued by the Government Finance Officers Association of the United States and Canada (GFOA) - the premier association of public sector finance professionals. Accordingly senior leaders are constantly updated on the progress being made in issuing a Comprehensive Annual Financial report that meets GFOA's demanding standards.

## **CATEGORY 5 - HUMAN RESOURCE FOCUS**

### **1. *How do you and your managers/supervisors encourage and motivate employees (formally and/or informally) to develop and utilize their full potential?***

Senior management encourages and motivates employees to utilize their full potential in various ways. One way is by making certain employees have the resources needed to perform their functions efficiently and effectively. Effective communication is another motivational tool used by management. The agency uses a suggestion box, weekly staff meetings, surveys, and exit interviews to determine trends within the workforce and the general level of employee satisfaction. The Employee Innovation System Committee encourages employees to make suggestions for improvement within the agency and state government. Health screenings are offered at minimal cost to employees. Variable work schedules enable employees to balance their personal and professional lives. Social events such as quarterly luncheons provide opportunities for agency employees to interact informally.

### **2. *How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?***

The training received by employees is determined by available resources. Emphasis is placed on insuring that persons performing the functions given top priority in our strategic plan receive the necessary training. However, because of fiscal constraints, employee training was significantly reduced this fiscal year. The agency is seeking ways to address key developmental and training needs with dwindling resources.

### **3. *How does your employee performance management system, including feedback to and from employees, support high performance?***

The Employment Performance Management System (EPMS) serves as a formal vehicle to provide feedback to employees. Employees receive a formal performance review no less than annually. Employees in probationary status receive a review within six-months. During the performance review managers are expected to provide positive feedback, make constructive comments when applicable, and discuss future expectations. Also, managers are encouraged to have informal review sessions with staff members periodically.

### **4. *What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation?***

The agency conducts an annual *Employee Satisfaction Survey*. Our employee satisfaction level is down from 91 percent in Fiscal Year 2002 to 83 percent in Fiscal Year 2003. Senior management believes that part of the decline in the employee satisfaction rating was because of timing. The survey was conducted shortly after employees were informed that their health insurance premiums will increase and some benefits will decrease; of additional budget cuts; and that the office will downsize office space to cut operating costs. Senior management is reviewing the results and is attempting to identify cost effective ways to boost the employee satisfaction level. See page 14 for more details and page 21 for the results.

**5. *How do you maintain a safe and healthy work environment?***

Senior managers are responsible for making certain that all safety requirements are met. Information on workplace safety is routinely distributed to employees and posted on the agency bulletin boards. Also, each division has a first-aid kit that is easily accessible to employees. In case of fire or other emergencies, we have established a "buddy system" to insure that employees with physical impairments get out of the building safely. To promote a healthy work environment, senior managers arrange for trained medical personnel to provide annual on-site flu shots and health screening to employees.

**6. *What is the extent of your involvement in the community?***

Employees contribute to the Excess Leave Pool to help their colleagues, as well as support charities such as the United Way, American Red Cross, Good Health Appeal, and Families Helping Families.

## **CATEGORY 6 - PROCESS MANAGEMENT**

- 1. What are your key design and delivery processes (including such activities as needs assessments and efforts at continuous improvement) for products/services, and how do you incorporate new technology, changing customer and mission-related requirements, into these design and delivery processes and systems?***

The majority of the agency's processes are mandated. The agency's key processes are: maintaining a centralized accounting, payroll, and financial reporting system; issuing a Comprehensive Annual Financial Report; and supervising the collection of property taxes, administering the Homestead Exemption Program for senior citizens, the Property Tax Relief Program, and the Merchants' Inventory Exemption Program. Senior management constantly evaluates the agency's processes and seeks ways for improvement through technology.

- 2. How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?***

The agency's day-to-day processes are designed to insure that key performance requirements are being met. Senior leaders communicate key performance requirements to staff members and constantly review the quality and timeliness of functions performed. Problems encountered are resolved as quickly as possible and resources are reallocated if needed. Also, senior management meets weekly to discuss issues and discuss progress being made and problems encountered.

- 3. What are your key support processes, and how do you improve and update these processes to achieve better performance?***

The agency's key support processes include accounting, employee benefits, procurement, public and legislative relations, and information technology. The agency utilizes technology as much as possible to maximize efficiency and minimize operating costs. For example, the Data Processing Division meets weekly with staff persons from each division. These meetings provide managers an opportunity to discuss ongoing projects, prioritize and allocate the agency's information technology resources, and plan for future projects. Emphasis is placed on staying current on technological trends and identifying ways to automate work processes. Some examples of our technology related processes are:

- **Document Management System**

The electronic document management system is in the pilot phase. The electronic document management system positions the Comptroller General's Office to take advantage of the efficiencies available in a "paperless" environment and to provide an electronic portal for other state agencies possessing the same capability. Because of funding limitations, we began with three state agencies: the House of Representatives, the Senate, and the Department of Mental Health. As additional funds become available we will expand the imaging process to include additional agencies.

- **South Carolina Enterprise Information System (SCEIS)**

The Comptroller General’s Office has been active in the effort to develop a “Multi-Agency Contract for Agency Level Accounting”. The agency views this as a strategic opportunity to move the state toward a complete enterprise solution for managing the state’s finances. To that end, a Statewide Oversight Committee was appointed to facilitate implementation first at the Department of Mental Health. Committee membership crosses agency lines and includes staff members from the Comptroller General’s Office, the Budget and Control Board, the State Auditor’s Office and the Department of Mental Health. A SCEIS users group was also established. The membership will continue to evolve to include other areas of state government, as needed. It is anticipated that following successful implementation at the Department of Mental Health; and as funding sources are identified, the state can move toward this state of the art financial management system.

**4. *How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?***

The agency manages and supports its key suppliers processes and performance by providing formal training sessions, conducting informal one-on-one training as needed, providing technical assistance, conducting workshops, participating in focus groups, serving on advisory boards, participating in seminars, and soliciting feedback.

## **CATEGORY 7 - KEY BUSINESS RESULTS**

### **Customer Focus Results:**

#### **Goal:**

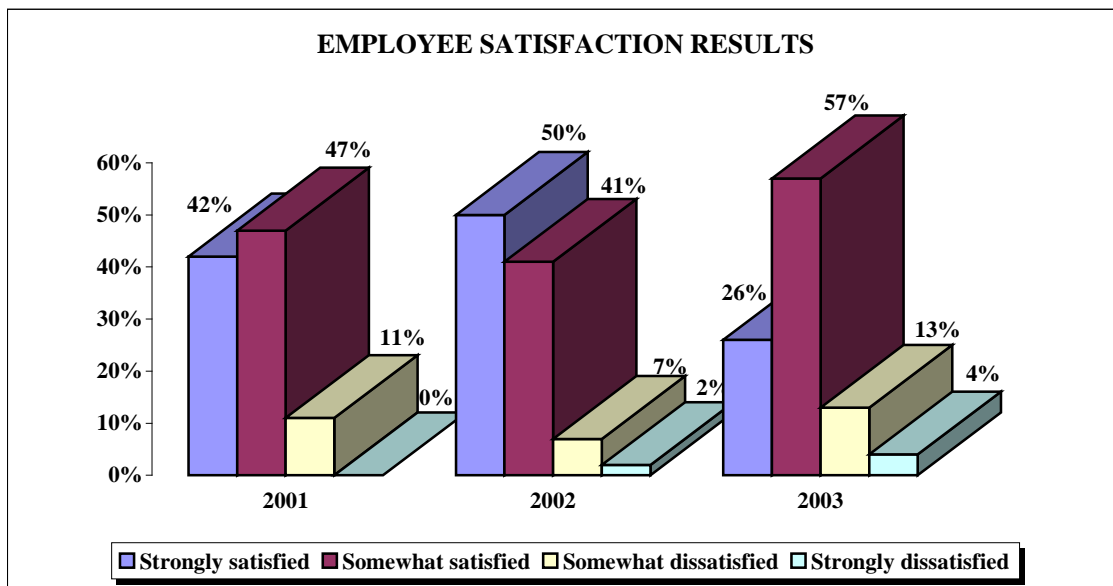
To maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.

#### **Objectives:**

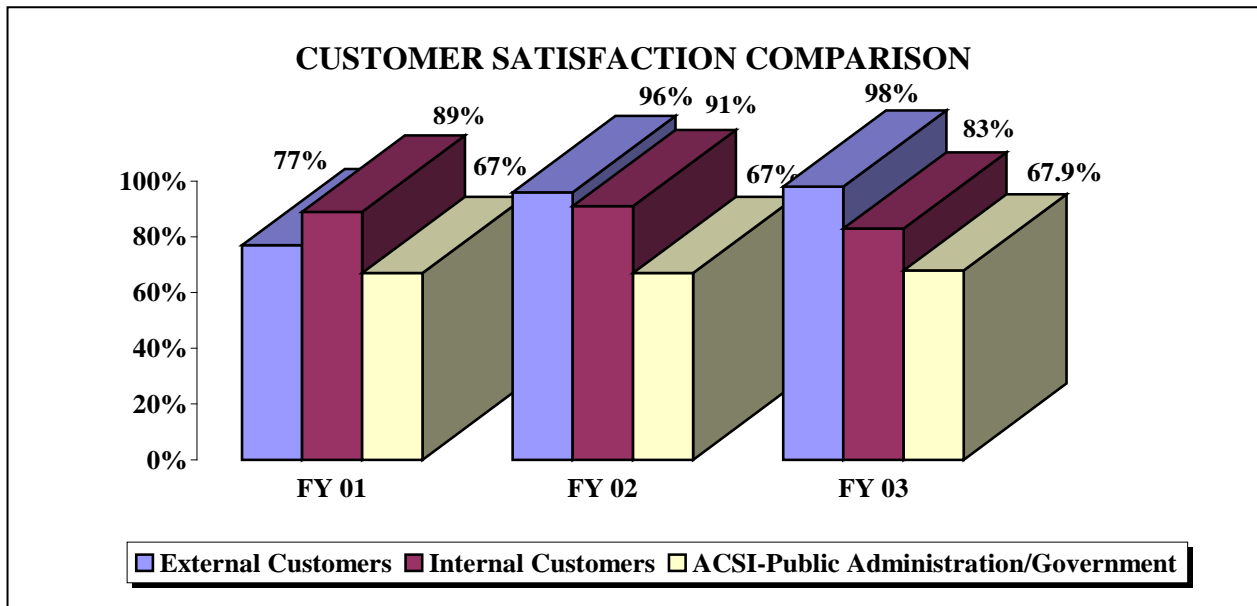
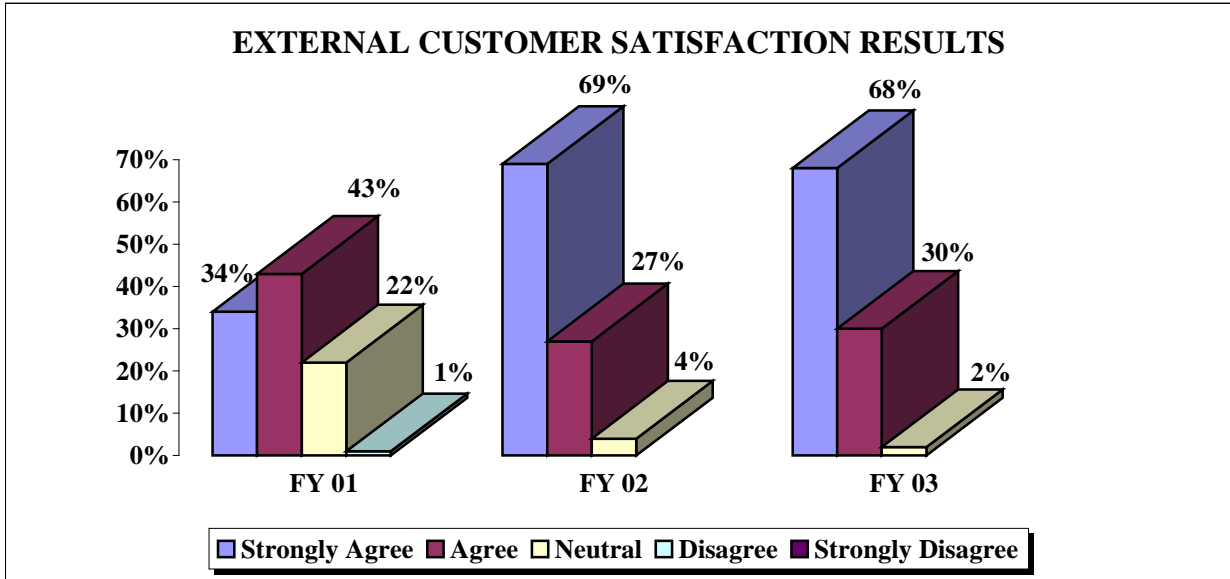
- To maintain a 90% employee (internal customer) overall satisfaction level.
- To maintain a 90% external customer satisfaction level.

#### **Key Results:**

- Obtained a 83% internal customer satisfaction level (employees that indicate they are somewhat satisfied or strongly satisfied on the survey).
- Obtained a 98% external customer satisfaction level (customers that agree or strongly agree with the survey questions).







**Benchmark:** The American Customer Satisfaction Index which is produced annually by the American Society for Quality. The index is nationally recognized and provides industry specific measures of customer satisfaction. The 67.9% ASCI score is as of December 2002 and is the most recent score available for the Public Administration/Government sector.

**Human Resource Focus Results:**

**Goal:**

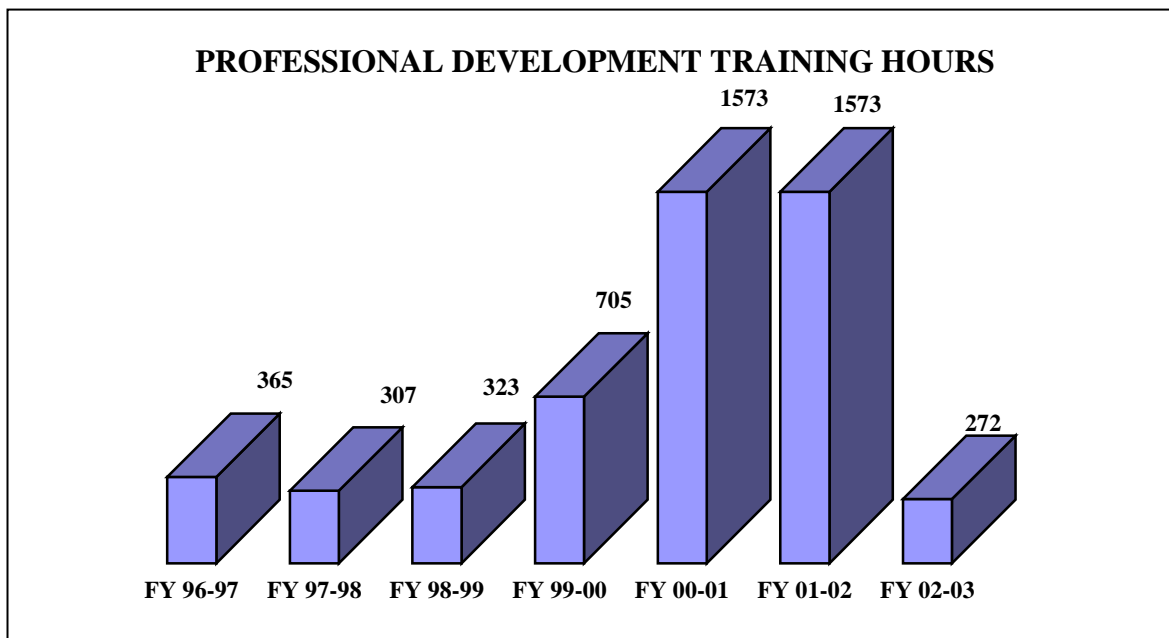
- Maintain a knowledgeable, well-trained workforce whose educational level and skills level are aligned with the agency's service delivery requirements.
- Ensure that human resources available and service delivery requirements are aligned.

**Objectives:**

- Provide the training needed to insure that employees have the skills and knowledge required to perform the functions given top priority in our strategic plan.
- Ensure that available human resources are aligned with the resources necessary to provide quality service and to meet customer needs.

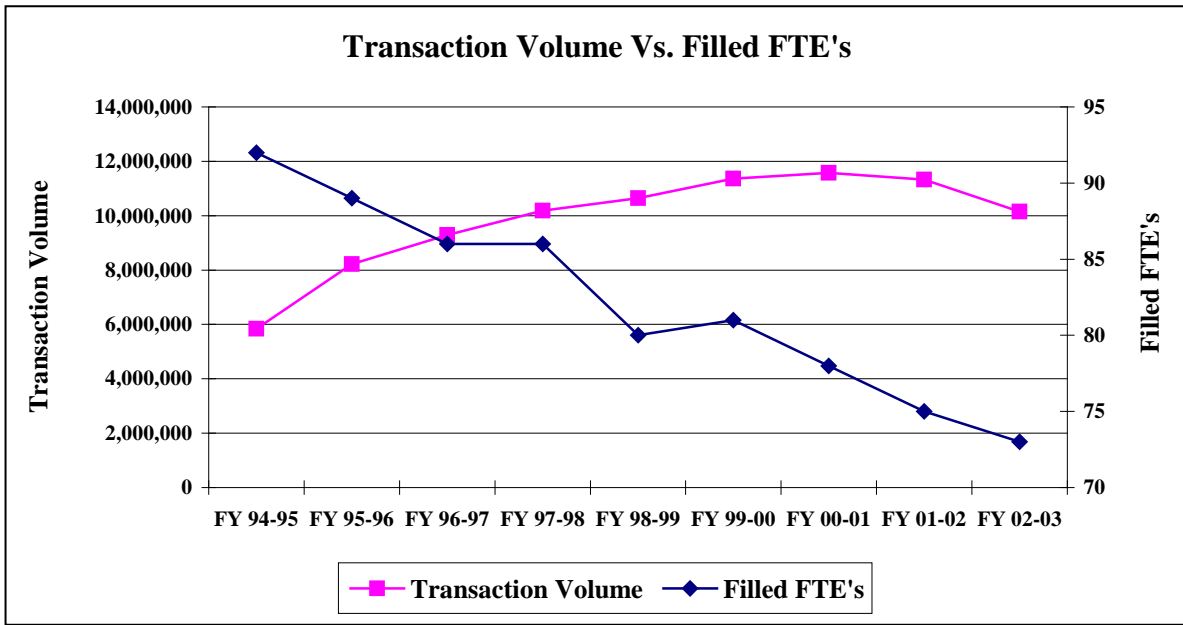
**Key Results:**

- Provided 272 hours of job-related professional development training for employees.



- Continued to meet minimal service delivery requirements even though our human resources are adversely aligned with service requirements.

Agency transaction volume has increased by 74 percent from fiscal year 1994-1995 to fiscal year 2002-2003 while filled FTE's have decreased by 21 percent during the same period.



See the Opportunities and Barriers section on page two for further discussion on the impact of the agency's increasing workload and decreasing resources.

**PROGRAM:**                           **Central State Audit Division**

**Goals:**

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

**Objectives:**

- Process the statewide payroll accurately and on time 100% of the time.
- Provide accurate financial information and reports to the various income tax authorities and retirement systems within the time frames required by law.
- Pre-audit disbursement requests submitted by agencies accurately within an average of four (4) business days.
- Encourage agencies to continue using the Visa Procurement card for small purchases, thereby, reducing transaction volume.

**Key Results:**

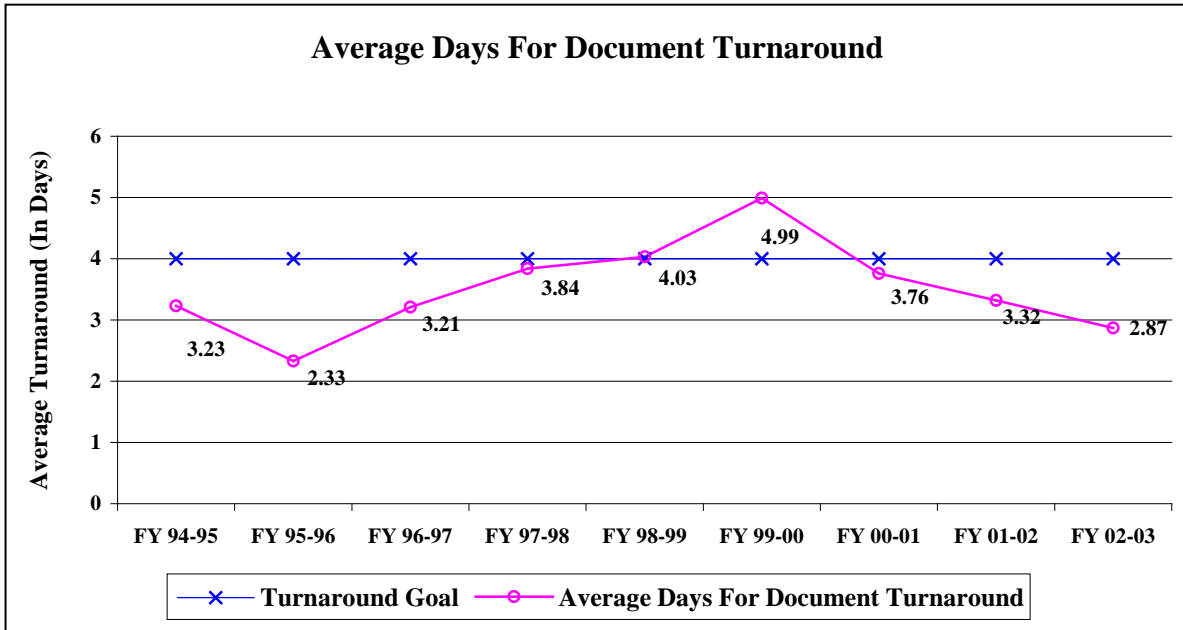
- Processed the statewide payroll accurately and on time 100% of the time.

**Benchmark:** Section 72.24 of the fiscal year 2003 Annual Appropriation Act states in part: “...all appropriations for compensation of State Employees shall be paid in twice-monthly installments...The payroll period shall continue thereafter on a twice-monthly schedule as established by the Budget and Control Board...”

- Provided accurate financial information and reports as required on time 100% of the time. Failure to comply with applicable regulations would result in significant penalties assessed by the state.

**Benchmark:** Section 11 of Internal Revenue Service Circular E, Employer’s Tax Guide for tax year 2003 requires employee payroll withholdings to be deposited within specified time frames. Penalties between two and fifteen (15) percent are assessed for deposits not made on time. By meeting the Internal Revenue Service’s payroll deposit requirements, we avoided a minimum of \$8.4 million in federal tax deposit penalties.

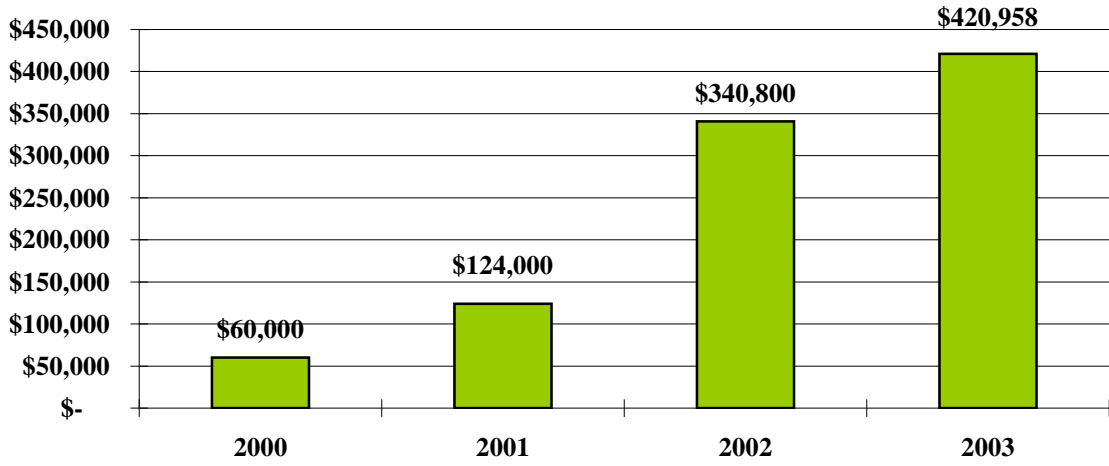
- Audited and accurately paid over 1.5 million Contingent Vouchers and Interdepartmental Transfers within an average of 2.87 business days.



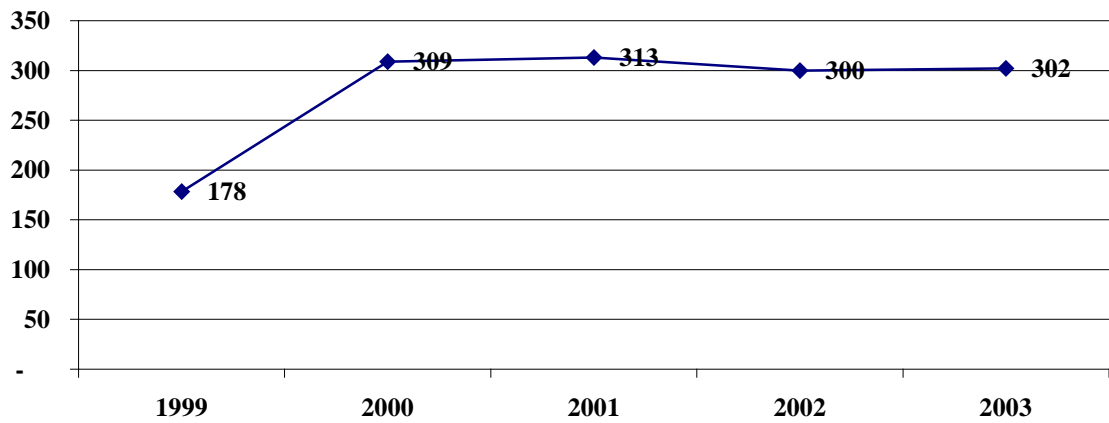
- Continued to promote agencies' use of the procurement card which streamlines the procurement process. For example, during the fiscal year approximately 164,000 procurement card transactions into a mere 543 vouchers to be processed for monthly procurement card statements.

The contract for the Procurement Card, which includes state agencies, 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 fiscal year 2003 increased by approximately 24 percent.

**Procurement Card Rebates Remitted to the General Fund**



**Average Number of Procurement Card Transactions Per Payment**



**PROGRAM: Central State Accounting Division**

**Goal:**

Provide centralized accounting of the state’s financial activities in accordance with the program structure mandated by the South Carolina General Assembly.

**Objectives:**

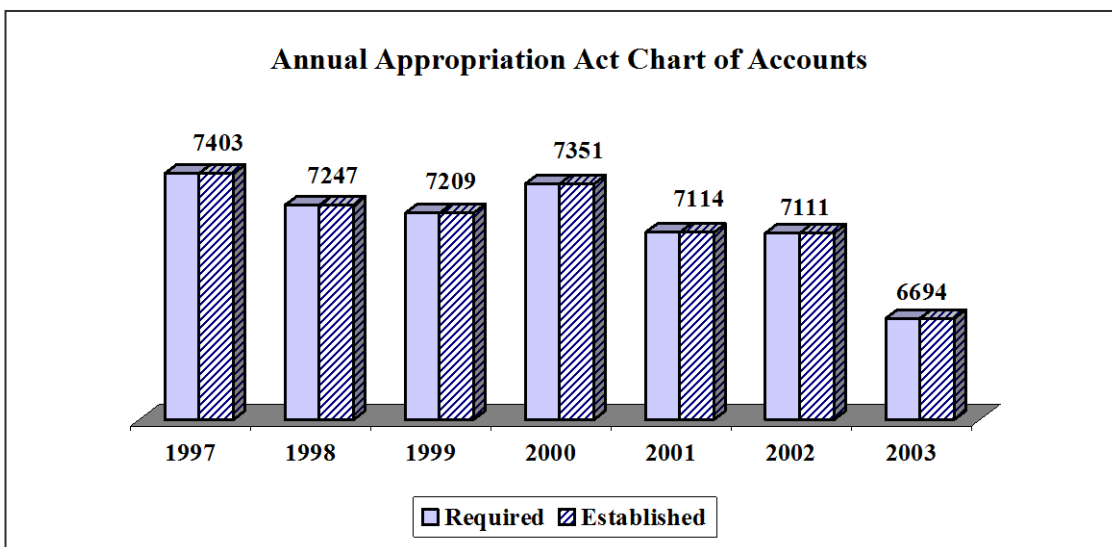
- Create a Chart of Accounts, prior to the beginning of the fiscal year, that includes all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.
- Respond to requests for information from this office through the Freedom of Information Act within an average of 5 working days.

**Key Results:**

- Established a Chart of Accounts, prior to July 1, 2003, that included 100 percent of 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.

**Goal:** Establish 100 percent of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act passed by the South Carolina General Assembly. One account consists of an agency number, subfund detail, object code, and mini code.

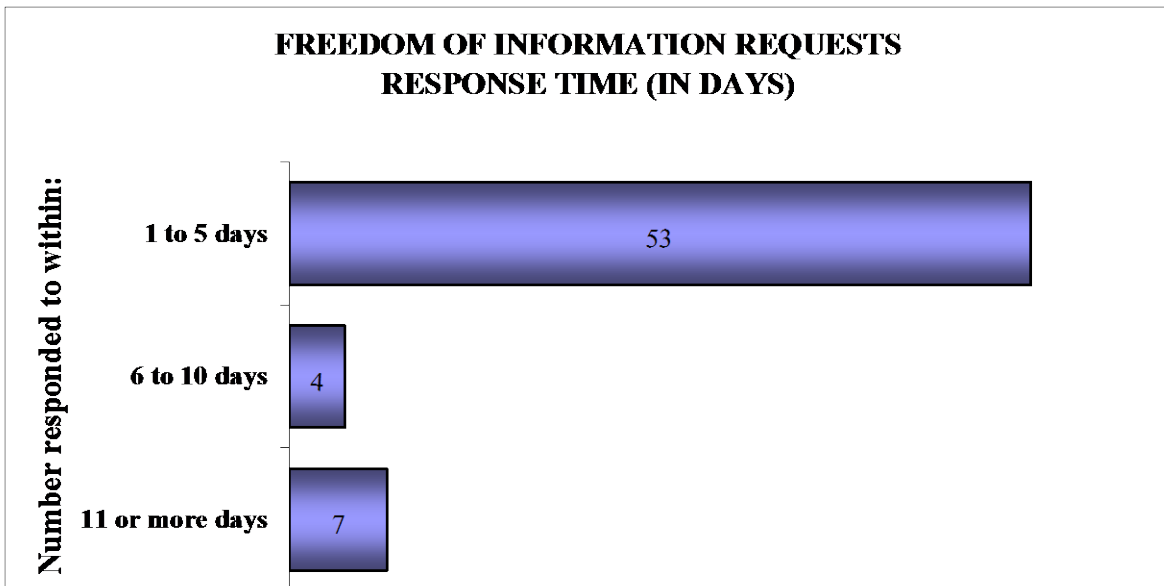
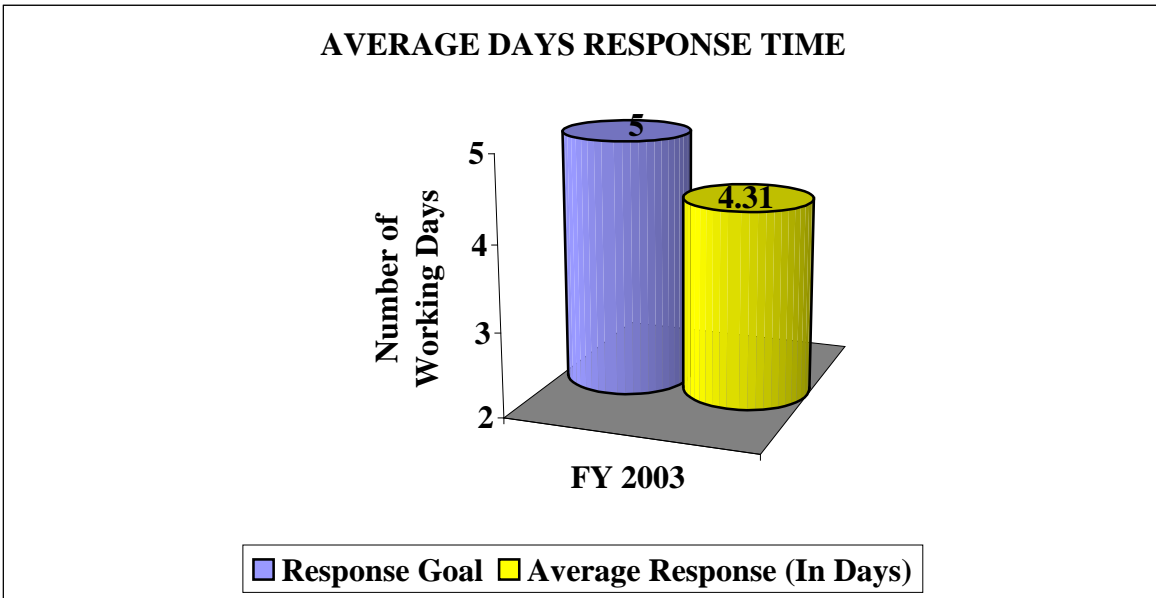
**Benchmark:** The South Carolina Code of Laws, Title 11, Section 11-3-50 requires the Comptroller General's Office to account for all appropriations by the South Carolina General Assembly.



- Responded to Freedom of Information Requests within an average of 4.31 working days.

**Goal:** Respond to requests for information under the Freedom of Information Act within five (5) working days.

**Benchmark:** The South Carolina Code of Laws, Title 30-4-30 (c) states: "Each public body, upon written request for records made under this chapter, shall within fifteen days (excepting Saturdays, Sundays, and legal public holidays) of the receipt of any such request notify the person making such request of its determination and the reasons therefore".





**PROGRAM: Central State Financial Reporting Division**

**Goals:**

- Provide centralized reporting of the state’s financial activities in accordance with the program structure mandated by the South Carolina General Assembly and generally accepted accounting principles.
- Provide timely, accurate statewide financial data needed by state government and by external parties such as national bond rating services, potential bond purchasers, other State creditors, citizen groups, and agencies of the Federal Government.

**Objectives:**

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

**Key Results:**

- Independent auditors awarded an unqualified (“clean”) audit opinion to the State of South Carolina’s comprehensive annual financial report (CAFR) for the fifteenth consecutive year.

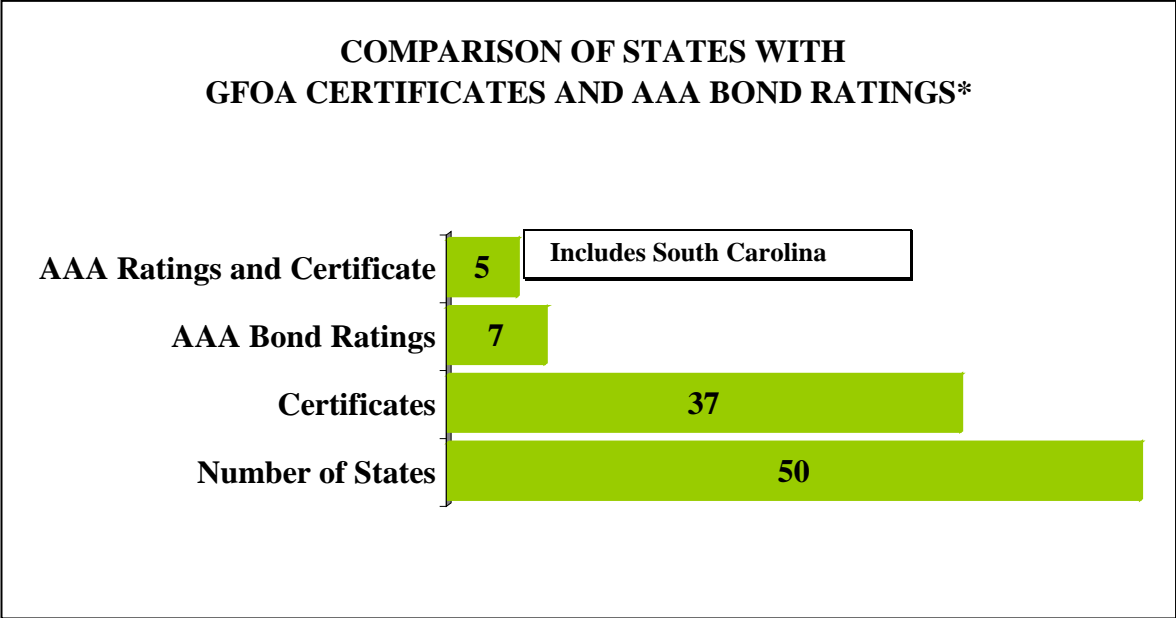
**Benchmark:** Under the American Institute of Certified Public Accountants’ *Code of Professional Ethics*, auditors may award an unqualified (“clean”) audit opinion to a government unit’s financial statements only if those statements, upon examination, are determined to be fairly presented in accordance with generally accepted accounting principles (GAAP). GAAP for governments are nationwide standards that apply to all state and local governments in the United States. The Governmental Accounting Standards Board (GASB) and certain other national accounting standard-setting organizations define what constitutes GAAP.

**TYPE AUDIT OPINIONS RECEIVED**

Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean	Clean
FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02

- The Government Finance Officers Association awarded its Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina's June 30, 2001 Comprehensive Annual Financial Report (CAFR) for the fourteenth consecutive year. Reviewer grades were "acceptable" in all seventeen grading categories. We have not been notified of the fiscal year 2002 results.

**Benchmark:** The Government Finance Officers Association of the United States and Canada (GFOA) is the premier association of public-sector finance professionals. GFOA's Certificate of Achievement for Excellence in Financial Reporting is awarded to a government unit for a one-year period if its comprehensive annual financial report (CAFR) meets the demanding standards of the GFOA's Certificate of Achievement program.



\* States that were awarded AAA bond ratings by all three major rating services and/or received a GFOA Certificate of Achievement for Excellence in Financial Reporting. Statistics are the most recent available.

**PROGRAM: Administration/Local Government Division**

**Goals:**

- Provide administrative support functions in the areas of accounting, budgeting and finance, procurement, public and legislative relations, and employee benefits in 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 and reimbursement programs as mandated by the General Assembly.

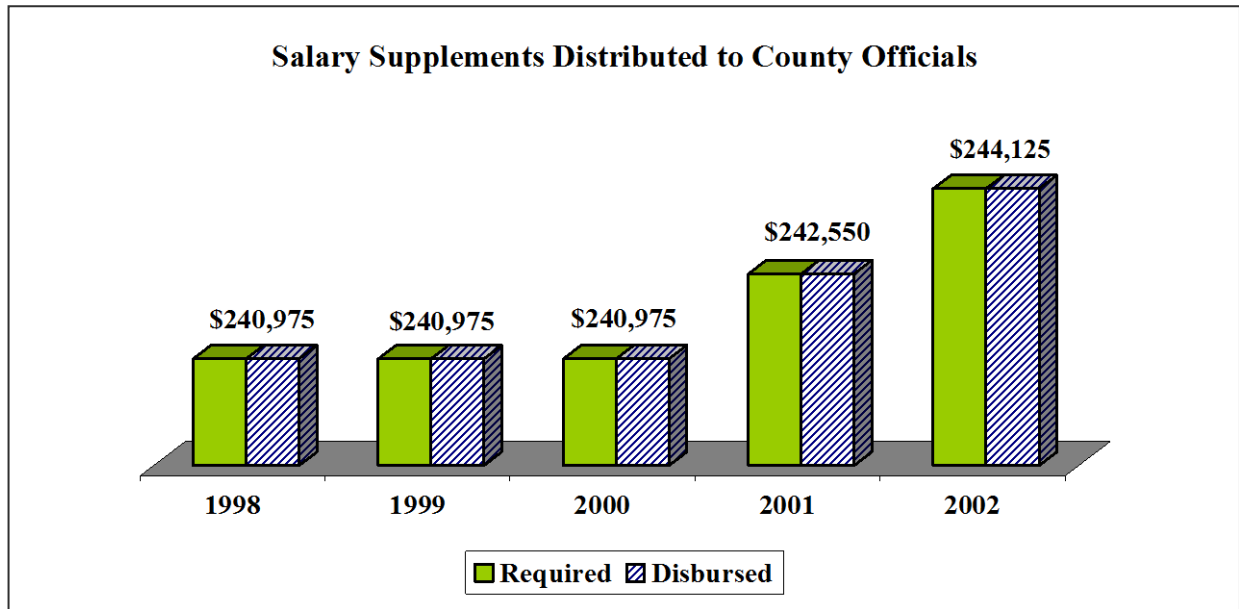
**Objectives:**

- Provide 73 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.
- Receive a clean audit in the areas of insurance, procurement, personnel and finance.
- Administer the state's U.S. Savings Bond Program through a statewide-automated purchasing system.
- 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.

**Key Results:**

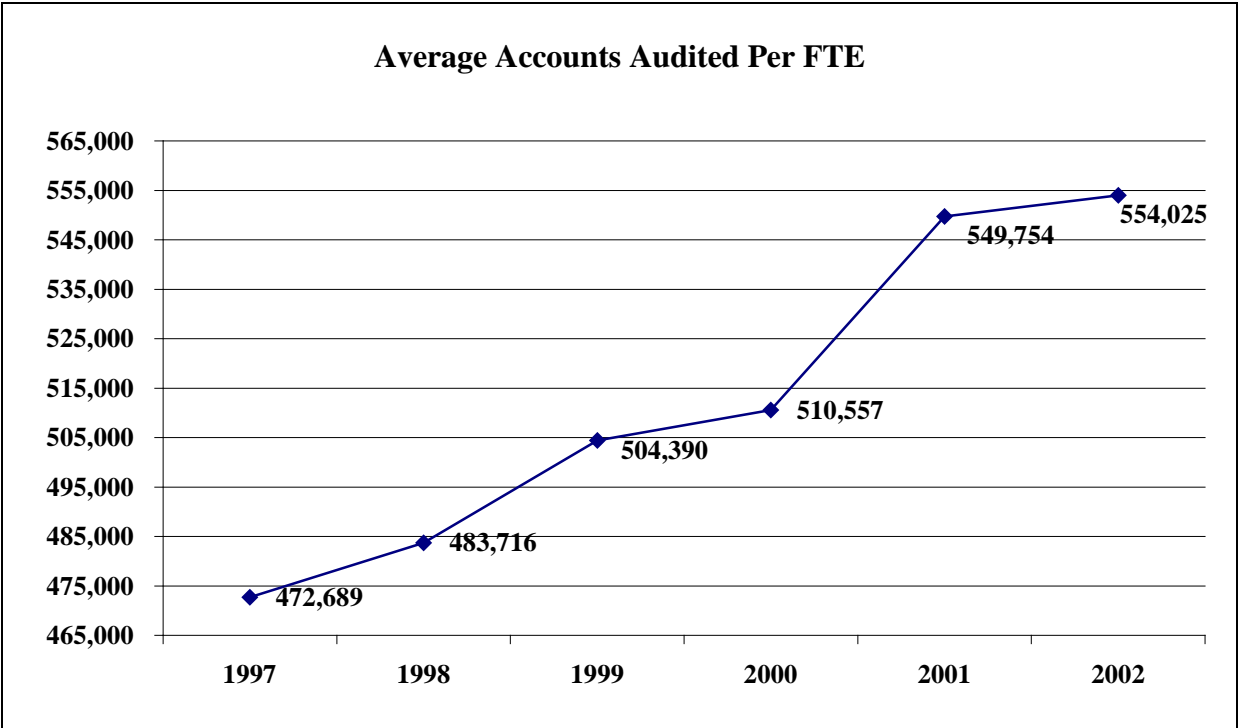
- Maintained and provided payroll and insurance benefits records for 73 employees and 92 county auditors and treasurers (100 percent of requirements). Provided information for all EPMS reviews, reclassifications and performance increases for covered positions.
- Received clean audits in the areas of insurance, procurement and personnel for the thirteenth consecutive year. Received unqualified opinions on the financial audits for twelve of the past thirteen years.
- Disbursed 100 percent of the required salary supplements to county officials.

**Benchmark:** Part 1A, Section 69A.1 of the FY 2002 Annual Appropriation Act requires the Comptroller General to distribute salary supplements to county officials.

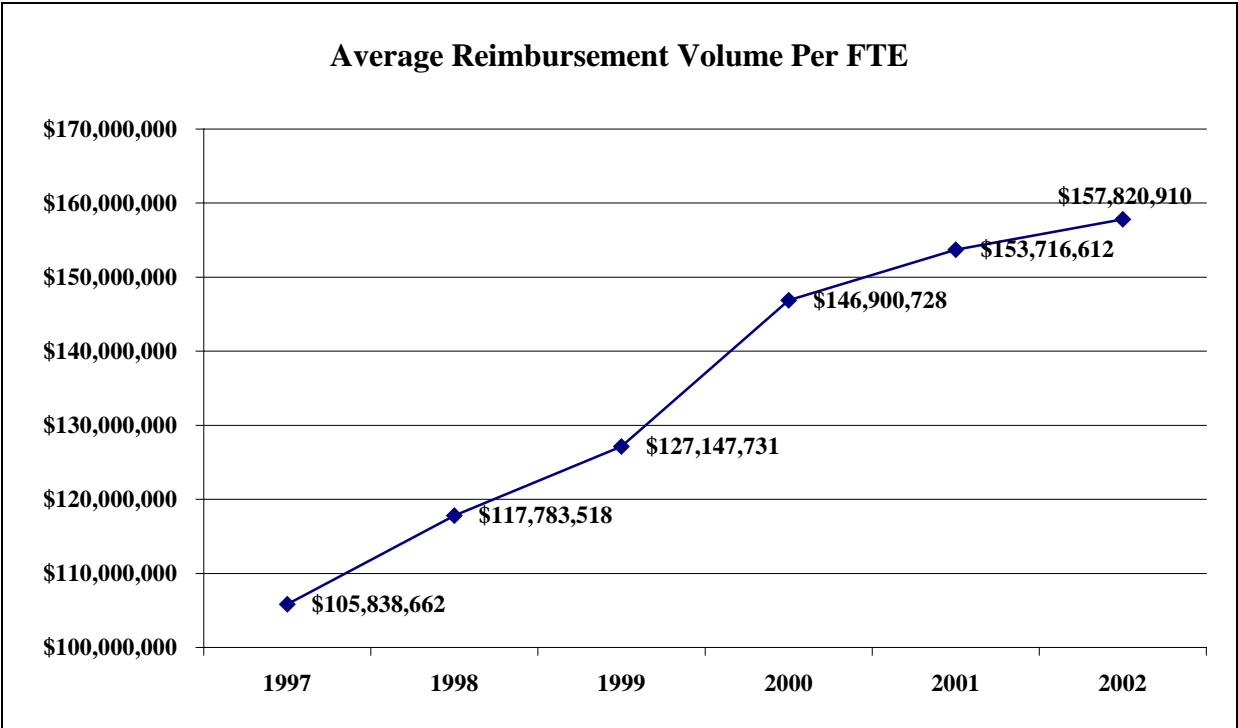


- Maintained employee payroll deduction files and purchased 14,157 U. S. Savings Bonds totaling \$866,450 from the Federal Reserve Bank. 100 percent of the bonds were purchased on time.
- Audited 100 percent of requests received from counties and disbursed funds to counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers Depreciation, State Residential Property Tax and Motor Vehicle Tax Reduction Programs.

**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.



Note: Years represent tax years. Calendar year 2002 is the most recently completed tax year.



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**PROGRAM:           Data Processing Division**

**Goals:**

- To cost effectively provide quality information technology application development, maintenance and production control services for the Comptroller General's Office. This includes all statewide accounting and payroll functions, local government functions and internal administrative functions of the agency.
- To cost effectively administer the agency's local area network and personal computer assets. This includes all the maintenance and installation of new servers, workstations and peripherals.

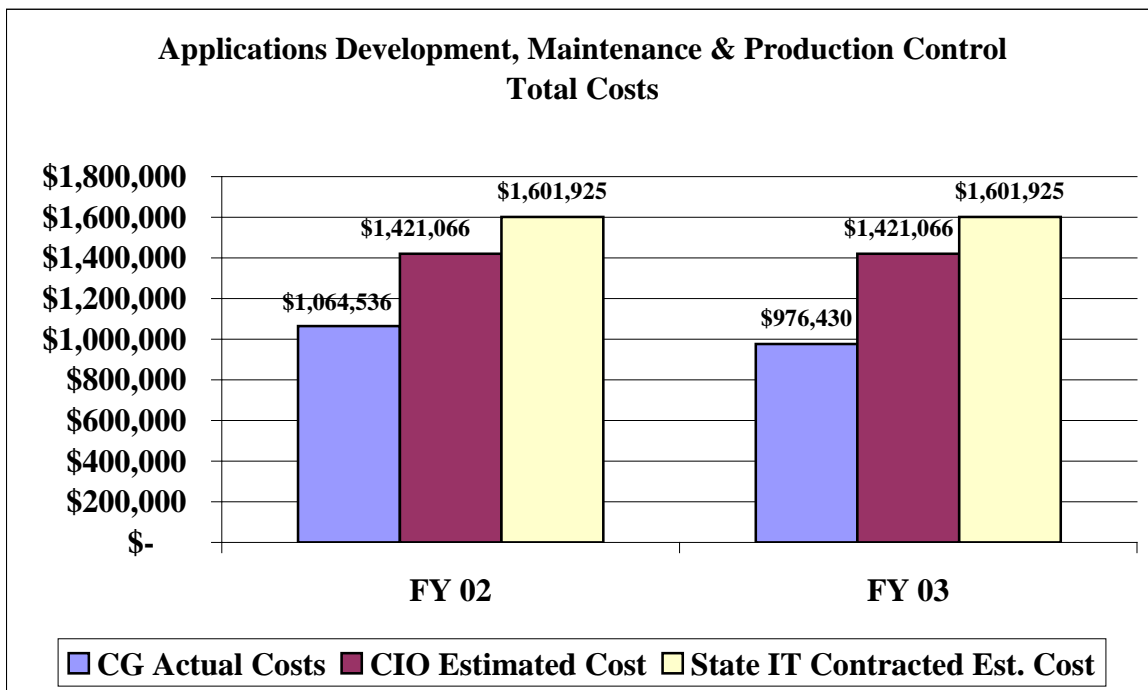
**Objectives:**

- Ensure that all agency program needs for information technology services are met to management's satisfaction.
- Develop new applications and/or modify existing applications that are identified as necessary to meet the requirements of the agency's programs. Complete and distribute all production processing for the Comptroller General's Office as scheduled.
- Administer the agency's LAN and PC infrastructure in a cost effective manner with minimal down time. Maintain accurate records of all LAN and PC assets and infrastructure. Review, recommend and implement enhancements and upgrades to these assets.
- Receive a clean audit (no comments) as a result of the EDP audit performed as part of the statewide audit.
- Perform all activities at a cost that compares favorably with the estimated cost of contracting with private industry or other state agencies.

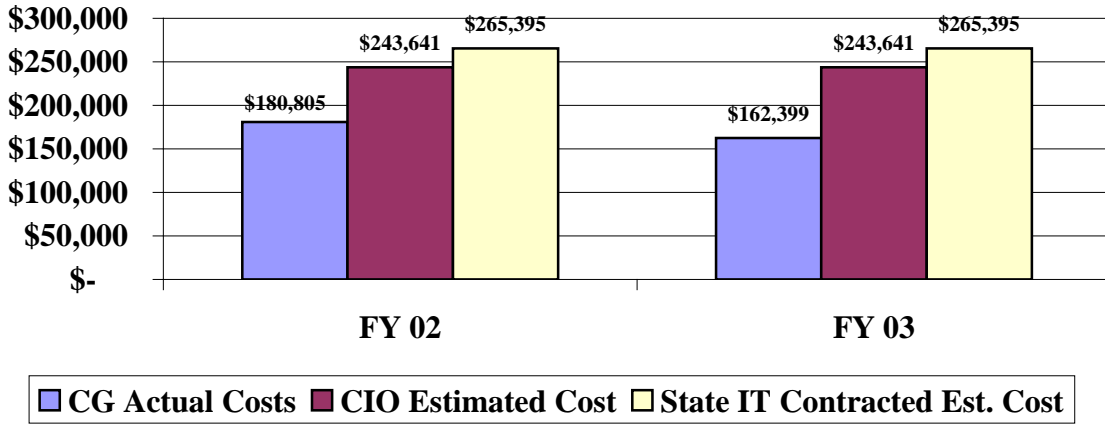
**Key Results:**

- Met with management of each program area within the agency on a weekly basis to discuss on going and potential new information technology needs. These meetings allow for feed back from each program concerning technology issues. They provide a forum for discussing and prioritizing any new development or maintenance projects.
- All requested development and maintenance was completed and met the needs of the divisions.
- The division is playing a direct role in the pilot implementation of the South Carolina Enterprise Information System (SCEIS) at the Department of Mental Health. In cooperation with the Budget and Control Board Division of the State CIO, the division completed and published a Business Case Study for further roll out of SCEIS. This study and report focuses on the costs and benefits of an enterprise solution for managing the State's financial affairs.

- Continued support and enhancement of the pilot document imaging system for STARS. This pilot project lays the foundation to expand and coordinate using imaging technology with the State's financial transactions. Currently working toward integration of this project with the enterprise financial administration project SCEIS.
- The agency's LAN and PC area has continued to expand to service all agency employees. The agency WEB site has also been enhanced to allow for more interactive use by agencies communicating with the Comptroller General's Office.
- A clean audit (no comments) was received as a result of the annual EDP audit performed as part of the statewide audit.
- The costs for all activities compared favorably to the estimated cost of contracting for these services from both the Budget and Control Board - Office of Information Resources and through private services available on the state's contract for IT personnel. The Comptroller General costs include all Personnel Services and Operating expenses for the Comptroller General's Data Processing Division Program as well as the associated fringe benefit costs. The estimate of the OIR costs are based on the rates as published by OIR. The State IT Contract costs are based on the rates published for the Contract for Temporary IT Personnel Contract.



### Network and PC Administration Total Costs



### Applications Development, Maintenance & Production Control Average Per Hour Rate

