



SOUTH CAROLINA



State Ethics Commission

30th ANNUAL REPORT

TO THE

GOVERNOR

AND THE HONORABLE MEMBERS OF THE
GENERAL ASSEMBLY OF SOUTH CAROLINA

for

FISCAL YEAR 2006

www.state.sc.us/ethics

October 23, 2006

TO HIS EXCELLENCY THE GOVERNOR AND THE HONORABLE MEMBERS OF
THE GENERAL ASSEMBLY OF SOUTH CAROLINA.

We have the honor to transmit the Thirtieth Annual Report of the State Ethics
Commission for the fiscal year 2006, in accordance with the provisions of Section 8-13-
340, Code of Laws for South Carolina, 1976, as amended.

Respectfully submitted,

Kenneth C. Krawcheck, Chairman
Edward Duryea, Vice-Chairman
Marvin D. Infinger
Edward E. Duryea
Pricilla L. Tanner
Johnnie M. Walters.
Susan P. McWilliams
Herbert R. Hayden, Jr.,
Executive Director

Requirements of statute

SECTION 8-13-340. Annual report of Commission.

The State Ethics Commission at the close of each fiscal year shall report to the General Assembly and the Governor concerning the action it has taken, the names, salaries, and duties of all persons in its employ, and the money it has disbursed and shall make other reports on matters within its jurisdiction and recommendations for further legislation as may appear desirable.

Rules of Conduct for Public Employees

All public employees, public officeholders, and public members are expected to adhere to and follow the rules of conduct as outlined in the Ethics Reform Act. Anyone who is found guilty of violating these rules is subject to prosecution by the State Ethics Commission and the Attorney General's Office.

A public official, public member, or public employee may not knowingly use his official office, membership, or employment or develop, participate in developing or attempt to use his office, membership, or employment to influence a government decision to obtain an economic interest for himself, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated.

A person may not directly or indirectly give, offer, or promise anything of value to a public official, public member, or public employee with intent to influence the public official's, public member's, or public employee's official responsibilities, nor is the public official, public member, or public employee to ask, demand, solicit, or accept anything of value for himself or for another person in return for fulfilling his official responsibilities or duties.

A public official, public member, or public employee may not receive anything of value for speaking before a public or private group in his/her official capacity. A meal can be accepted if provided in conjunction with the speaking engagement where all participants are entitled to the same meal and the meal is incidental to the speaking engagement. A public official, public member or public employee may receive payment or reimbursement for actual expenses incurred.

Public officials, public members, or public employees may not receive money in addition to that received by the public official, public member, or public employee in his official capacity for advice or assistance given in the course of his employment as a public official, public member, or public employee.

No public official, public member, or public employee may disclose confidential information gained as a result of his responsibility as a public official, public member, or public employee that would affect an economic interest held by himself, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated.

No person may serve as a member of a governmental regulatory agency that regulates any business with which that person is associated.

No person shall serve on the governing body of a state; county; municipal; or political subdivision, board, or commission and serve in a position of the same governing body which makes decisions affecting his economic interests.

A public official occupying a statewide office, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated may not knowingly represent another person before a governmental entity.

No member of the General Assembly or an individual with whom he is associated or business with which he is associated may represent a client for a fee in a contested case before an agency, a commission, board, department, or other entity if the member of the General Assembly has voted in the election, appointment, recommendation, or confirmation of a member of the governing body of the agency, board, department, or other entity within the 12 preceding months.

A public member occupying statewide office, an individual with whom associated, or a business with which associated may not knowingly represent a person before the same unit or division of the governmental entity for which the public member has official responsibility.

A public official, public member, or public employee of a county or municipality, an individual with whom associated, or a business with which associated may not knowingly represent a person before any agency, unit, or subunit of that county or municipality.

A public employee, other than of a county or municipality, an individual with whom associated, or a business with which associated may not knowingly represent a person before an entity of the same level of government for which the public employee has official responsibility.

No public official, public member, or public employee may cause the employment, appointment, promotion, transfer, or advancement of a family member to a state or local office or position in which the public official, public member, or public employee supervises or manages. A public official, public member, or public employee may not participate in an action relating to the discipline of the public official's, public member's or public employee's family member.

A former public official, former public member, or former public employee holding office, membership, or employment may not serve as a lobbyist or represent clients before the agency or department on which the public official, public member, or public employee formerly served in a matter in which he directly and substantially participated for one year after terminating his public service or employment.

It is a breach of ethical standards for a public official, public member, or public employee who participates directly in procurement to resign and accept employment with a person contracting with the governmental body if the contract falls or would fall under the public official's, public member's, or public employee's official responsibility.

No person may use government personnel, equipment, materials, or an office building in an election campaign. A person may use public facilities for a campaign purposes if they are available on similar terms to all candidates and committees. Likewise, government personnel may participate in election campaign on their own time and on non-government premises.

A public official, public member, or public employee may not have an economic interest in a contract with the state or its political subdivisions if the public official, public member, or public employee is authorized to perform an official function (including writing or preparing the contract, accepting bids, and awarding of the contracts) relating to the contract.

NOTE: The above information is intended as an overview of the law. It is not intended to be read as a substitute for the statutes themselves. Should an individual have a question involving his/her own activities, he/she should review the statutes, or contact the Commission. Appropriate instructions, documents or forms will be provided upon request.

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State Ethics Commission
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Columbia, SC 29201**

**(803) 253-4192 Office
(803) 253-7539 Fax**

<http://www.state.sc.us/ethics/index.htm>

STATE ETHICS COMMISSIONERS FOR FY 2006

KENNETH C. KRAWCHECK, Chairman

Member at Large

Term expires June 30, 2006

MARVIN INFINGER

Term expires June 30, 2008

First District

Representing: Berkeley, Dorchester, Horry, and Georgetown Counties

EDWARD DURYEA, Vice-Chairman

Second District

Term expires May 31, 2010

Representing: Aiken, Allendale, Barnwell, Beaufort, Calhoun, Colleton, Hampton, Lexington, Orangeburg, & Richland Counties

VACANT

Third District

Term expires

Representing: Abbeville, Aiken, Anderson, Edgefield, Greenwood, Laurens, Oconee, Pickens, & Saluda Counties

JOHNNIE MCKEIVER WALTERS

Fourth District

Term expires May 31, 2010

Representing: Greenville, Laurens, Spartanburg, & Union Counties

ROBERT A. BRUCE

Fifth District

Term expires June 30, 2008

Representing: Cherokee, Chester, Chesterfield, Darlington, Dillon, Fairfield, Lancaster, Lee, Marlboro, Newberry, Sumter & York Counties

PRISCILLA L. TANNER

Sixth District

Term expires June 30, 2008

Representing: Bamberg, Beaufort, Berkeley, Calhoun, Charleston, Clarendon, Darlington, Dorchester, Florence, Lee, Marion, Orangeburg, Richland, Sumter, & Williamsburg

SUSAN P. MCWILLIAMS

Member at Large

Term expires June 30, 2010

STAFF MEMBERS

HERBERT R. HAYDEN, JR.
EXECUTIVE DIRECTOR

CATHY L. HAZELWOOD
ASSISTANT DIRECTOR/GENERAL COUNSEL

TERRI W. CONNOR
ADMINISTRATIVE ASSISTANT

AMI R. FRANKLIN
EXECUTIVE ASSISTANT

MARJORIE A. DELEE
HUMAN RESOURCE MANAGER

SANDRA MCCLELLAN
DATA COORDINATOR

CHRISTINE LEBEOUF
ADMINISTRATIVE ASSISTANT

MAVIN S. LAIL
Administrative Assistant

DONALD M. LUNDGREN
CHIEF INVESTIGATOR

DANIEL M. CHOATE
INVESTIGATOR

REGINA A. WASHINGTON
ADMINISTRATIVE ASSISTANT

Legal Counsel

Legal Counsel is provided to the State Ethics Commission by Attorney General and by Assistant Attorney General who he designates. Assistant Attorney General C. Havird Jones, Jr. is presently assigned to the State Ethics Commission

ORGANIZATIONAL CHART

COMMISSIONER

EXECUTIVE DIRECTOR
State Class Code: UA01
Band: 00
Herbert R. Hayden, Jr.

ADMINISTRATIVE

ENFORCEMENT

Administrative Coordinator I
State Class Code: AH10
Band: 05
Ami R. Franklin

Human Resource Manager I
State Class Code: AG10
Band: 05
Marjorie A. DeLee

Attorney III
State Class Code: AE30
Band: 07
Cathy L. Hazelwood

Investigator IV, PT
State Class Code: JA20
Band: 06
Donald M. Lundgren

Finance,
Procurement &
Non-Compliance

Human Resource
& Benefits
Administration

Lobbying & Public
Information
Coordinator

Legal

Disclosure

Investigations

Administrative Specialist
State Class Code: AA50
Band: 03
Terri W. Conner

Pre-Trial
Intervention, Youth
Court &
Volunteers

Administrative Assistant
State Class Code: AA75
Band: 4
Regina A. Washington

Data Coordinator II
State Class Code: AJ18
Band: 04
Sandra D. McClellan

Investigator III
State Class Code:
JA15
Band: 05
Daniel M. Choate

Admin. Spec.
State Class Code: AA50
Band: 03
Christina M. LeBoeuf

Admin. Spec.
State Class Code: AA50
Band: 03
Mavin S. Lail

SECTION I-EXECUTIVE SUMMARY

The General Assembly established the State Ethics Commission's mandate to restore public trust in governmental institutions and the political and governmental processes. The State Ethics Commission's mission is established by the statutory provisions of the Ethics Reform Act of 1991, Sections 2-17-5, et. seq., and 8-13-100, et. seq., Code of Laws for South Carolina, 1976, as amended. The State Ethics Commission has one program, Administration. This program encompasses four distinct areas of responsibility of the Ethics, Government Accountability and Campaign Reform Act of 1991: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure.

1. Mission and Values

The State Ethics Commission is an agency of state government responsible for the enforcement of the Ethics Reform Act of 1991 to restore public trust in government. The mission of the State Ethics Commission is to carry out this mandate by ensuring compliance with the state's laws on financial disclosure, lobbyist/lobbyist's principal disclosure and campaign disclosure; regulating lobbyists and lobbying organizations; issuing advisory opinions interpreting the statute; educating public officeholders and the public on the requirements of the state's ethics laws; conducting criminal and administrative investigations of violations of the state's ethics laws; and prosecuting violators either administratively or criminally.

2. Major Achievement from Past Year

The major achievement from the past year was the implementation of a phase one electronic filing system for statewide candidates. All statewide candidates filed their January 10, 2006 campaign disclosure form on-line. The forms were almost instantly available to the public on-line. In years past staff has spent a tremendous amount of time copying the statewide candidates' forms for requestors. These requests have ceased since the information is so readily available on-line. In addition, staff has worked with South Carolina Interactive (SCI) to create a brand-new web-site which will go live in FY2007. We continue to work with SCI for the final phase of the electronic system wherein all documents filed with the Commission will be filed electronically.

3. Key Strategic Goals for Present and Future Years

The key strategic goal is the electronic filing system. SCI implemented the first phase of the electronic system and is hard at work on the final phase. Although the legislative mandate requires electronic filing system for campaign finance reports, staff and SCI are working toward an electronic filing system for all forms filed with the Commission. A continuing goal is the cross training of personnel to ensure smooth transitions in the event of promotions, retirement, turnover or illness.

4. Opportunities and Barriers that may Affect our Success in Fulfilling our Mission and Achieving Goals

Enforcement of the very complex Ethics Reform Act is one of the major challenges before the State Ethics Commission. Citizens' and state agencies' concern with public corruption and violations of the state's ethics laws have caused increased investigative and non-compliance caseloads. The Commission's mandate requires

close analysis of critical issues of which the outcomes have significant impacts on the lives of the affected individuals, to include criminal prosecution. This mandate coupled with personnel and equipment needs, and limited funds, are major barriers to the fulfillment of the agency's mission and goals. The Commission must ensure that the latest technological advances are taken into account to balance the technology versus personnel scale. An information management system, to include electronic filing of campaign, financial, and lobbyist/lobbyist's principal disclosure, is another of the major challenges.

5. How the accountability report is used to improve organizational performance?

The accountability report provides staff an opportunity to review past performance over the course of several years' reports. Determining whether staff is on target for auditing the many, many forms received is vital for improving organizational performance.

SECTION II – ORGANIZATION PROFILE

- The State Ethics Commission has no product and its main service is the enforcement of the Ethics Reform Act, to include regulating lobbyists and lobbyist's principals; to ensure filing of both the Statement of Economic Interests form and the Campaign Disclosure and the compilation of that data; as well as ensuring compliance with the Rules of Conduct.

- The Commission's customers include public officials, public members, public employees, candidates and political committees, other state and local agencies, the citizens of South Carolina, and the media.

- These entities are also the Commission's stakeholders in that they are affected by our actions and success or failure.

- Beyond the computer support and services provided by the Office of Information Resources and periodic private vendors, the Commission does not have key suppliers. All other services and supplies are obtained through the bid process. The Commission is in partnership with SCI to create a new web-site and complete the electronic filing system.

- The Commission has only one location at 5000 Thurmond Mall, Suite 250, Columbia.

- The Commission has eleven employees (8 FTEs and 3PTEs). Of those employees the Executive Director is unclassified and all other employees are classified.

- The Commission regulates lobbying in the state; however, it has no other regulatory duties nor is it governed by federal regulations.

- As for most small agencies the Commission's strategic challenge is

making the most of both personnel and technology on a limited budget.

- The Commission uses the accountability report to maintain an overall organizational focus on performance improvement. The report is used to evaluate both the number of forms being received each year as well as the timeliness of auditing the forms and making them available for review.

- The State Ethics Commission is composed of nine private citizens who are appointed by the Governor with the advice and consent of the General Assembly. The Commission sets the policy; recommends legislative changes to the statute; issues formal advisory opinions; and conducts hearings into complaint matters. The Executive Director is responsible for directing the operational and administrative management of the agency and providing oversight to investigations, and other activities of an extremely sensitive nature. The Executive Director reports directly to the State Ethics Commission. All other employees report to supervisors or directly to the Executive Director. The Commission is in the business of processing information received by lobbyists/lobbyist's principals; public officials, public members and public employees; and candidates and political committees and ensuring compliance with the Ethics Reform Act.

**Accountability Report Appropriations/Expenditures Chart Example
Base Budget Expenditures and Appropriations**

Major Budget Categories	04-05 Actual Expenditures		05-06 Appropriations Act		06-07 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$312,479	\$312,479	\$335,068	\$335,068	\$356,635	\$356,635
Other Operating	\$108,808	\$108,808	\$97,378	\$97,378	\$225,000	\$225,000
Special Items			\$29,569	\$29,569		
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$130,895	\$130,895	\$161,813	\$161,813	\$91,701	\$91,701
Non-recurring						
Total	\$552,182	\$552,182	\$623,828	\$623,828	\$673,336	\$673,336

Other Expenditures

Sources of Funds	04-05 Actual Expenditures	05-06 Actual Expenditures
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Supplemental Bills		
Capital Reserve Funds		
Bonds		

Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	Key Cross References for Financial Results*
01000000 Administration	This program encompasses four distinct areas of responsibility of the Act: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure.	State: 352,985.00 Federal: Other: 126,804.00 Total: 479,789.00 % of Total Budget: 100%	State: 335,068.00 Federal: Other: 97,378.00 Total: 432,446.00 % of Total Budget: 100%	Category 7.3

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Remainder of Expenditures:	State: Federal: Other: Total: % of Total Budget:	State: Federal: Other: Total: % of Total Budget:
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* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

Category I - Leadership

The State Ethics Commission is a very small state agency with a staff of eleven people (eight FTEs and three PTEs). No layers of managers, supervisors, deputies, etc. exist between the Commission's senior leader, the Executive Director, and the Commission staff. The Executive Director daily speaks to each employee. The Executive Director discusses short term expectations at monthly staff meetings.

Long term performance expectations and directions are communicated at annual staff reviews conducted each September. This one month review period allows the Executive Director to plan merit raises and revise employee responsibilities as needed. During annual reviews employee performance expectations are discussed and set. Organizational values are discussed with new hires after a new employee reviews the Commission's Administrative Policies and Procedure Manual. All employees are required to stay up to date on changes in the manual.

As the state agency that enforces the Ethics Reform Act, both the Executive Director and staff model ethical behavior. Commission members recuse themselves and leave the room when even a potential, not actual, conflict exists. Policies and procedures are in place for the use of Commission equipment and supplies and subsequent reimbursement.

Staff is well aware of who the Commission's customers are as each employee interacts with customers everyday, whether on the phone or in person. The Commission's customers include the citizens of South Carolina, public officials, public

members, public employees, candidates for public office, committees, lobbyists and lobbyist's principals, all state agency heads, the Governor's Office, and the media. Staff is courteous and knowledgeable in responding to the Commission's customers. Staff, to include the Executive Director, has an open-door policy for walk-in customers.

The Commission does not normally address the current and potential impact of the Ethics Reform Act on the public, since the Commission is mandated to enforce the Act as written. Services are provided within the confines of the Act. If the General Assembly amends the Act, then the Commission must enforce it notwithstanding the impact, either negative or positive. The Commission must submit fiscal impact statements with proposed amendments.

The Executive Director is the Commission's chief financial officer and chief procurement officer and thus has sole oversight of fiscal matters. General Counsel reports directly to the Executive Director and all legal matters regarding the representation of the Commission are discussed with the Executive Director. The size of the agency provides no isolation of the Executive Director from day-to-day activities of the Commission.

The Executive Director receives and reviews a monthly compliance report which is a compilation of key performance measures which include the number of forms received; the number of complaints received; the number of complaints resolved; the number of both formal and informal opinions issued; and the amount of money received, to include late-filing penalties, complaint fines, administrative fees and lobbyist's/lobbyists' principals registration fees. This same information from the previous fiscal year is also provided on the compliance report for comparison.

In an effort to ensure that the Assistant Director is aware of all aspects of the agency's operations, the Executive Director and the Assistant Director work closely on a daily basis, and discuss all phases of agency operations as they occur. The Assistant Director has participated in and graduated from the Budget and Control Boards Executive Institute. Mid-level supervisory personnel are encouraged to participate in operational meetings in order to gain knowledge in areas other than their own. The Executive Director and the Assistant Director encourage mid-level supervisory personnel to attend leadership training such as the Certified Public Manager's course, Human Resource management courses and other leadership classes which may be appropriate

Staff is encouraged to participate in community service projects. The Commission had approximately 90% participation in the United Way campaign and the Good Health Appeal. Various members of staff also participated in Buck-A-Cup, Ask-a-Lawyer, the Salvation Army Red Kettle Campaign, Meals on Wheels and regular blood and platelet donations to the American Red Cross. In addition, many staff members are actively involved in their churches and their churches community outreach programs.

Category 2 - Strategic Planning

The Executive Director, with staff input and some input from Commission members, is the sole participant in the strategic planning process. Staff input is welcomed and the Executive Director formulates the strategic plan after reviewing input and process results from the previous year. The Commission is forced to conform any strategic planning to its small budget and its small staff which in many ways is its strength and weakness. Without layers and layers of personnel staff can move quickly

to implement new ideas without waiting for multiple approvals and reviews. New technology is both a strength and weakness due to the costs. The Commission was most fortunate to work with SCI on the electronic filing system at little expense to the Commission. It has been a slow process and will continue to be as we attempt to provide the very best system to the Commission filers. The Commission continually cross trains employees to include the duties of the Executive Director. In FY05-06 an employee was out on extended medical leave. Staff was unable to maintain an up-to-date web-site in her absence; however, all other duties were performed by staff. A new web-site design was begun in the last quarter of FY05-06 to ensure one person was not solely responsible for that piece of technology that the public has come to rely on extensively.

Of the two strategic goals in place, the electronic filing system action plan remains in place. Monetary resources were expended in continuing to contract with CIO for a virtual CIO and a significant amount of staff time was devoted to working with SCI in developing the phase one electronic filing system. The cross training continues. The cross training requires significant amounts of staff time but not of other resources.

In presenting the Commission's budget to the General Assembly, the Commission communicated and deployed its key strategic goal for an electronic filing system which was finally funded. As for the second key strategic goal of cross training employees, staff meetings and one on one meetings between the Executive Director and staff are the means used to communicate and deploy its key strategic goal. We were able to measure progress on our action plan by the timely implementation of the phase one electronic filing system and continuation of services in the Lobbying/Human

Resource office in light of the employees extended absence. Our main challenge is funding which has never resulted in our not performing our mandated responsibilities although it can lead to a slower performance of those duties.

Our previous accountability reports appear in our Annual Reports which can be found on our web page. The report includes our strategic objections, action plans and performance measures.

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 05-06 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
01000000 Administrative	The most important strategic goal is implementing an electronic filing system.	In FY05-06 the Commission worked with SCI on implementing a Phase One electronic filing system for state-wide candidates. The system is up and running well. When the final system is in place, all filers will have the ability to file electronically.	Chart 7.3-1

Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Category 3 - Customer Focus

Key customers and stakeholders of the State Ethics Commission are complainants and respondents; filers of forms; reviewers of forms; public officials, public members and public employees; candidates and committees; the citizens of South Carolina; training participants; and opinion requesters. The largest percentage of the Commission's customers is determined by the Ethics Reform Act and it is the Act that determines each customer's requirements.

The Commission is constrained in keeping its listening and learning methods current with changing customer needs and expectations by two major factors: the Ethics Reform Act itself and the Commission's budget. Clearly the trend in disclosure, to include financial, campaign and lobbyist/lobbyist's principal, is for the electronic filing of this information. The trend for making this information available to the public is also to provide it electronically; however, until the Commission has the fully developed and implemented phase two electronic filing system, the Commission will not keep current with changing customer needs. Because of the phase one system we are no longer in that miniscule group of states with no form of electronic filing or viewing.

Due to budget constraints only two key customer groups were regularly surveyed in FY2006: training participants and citizens coming to the Commission's office to review documents. When the Commission conducts its standard training, a training survey is provided to the participants to complete. In other training situations, staff is part of a program wherein survey results are compiled at the conclusion of the entire program and staff is notified of the results at a later date. A review of the Commission's training survey results found that approximately 86% of responders found the training to

be good or excellent; however, 14% found it to be poor and unresponsive to their expectations. Citizens who are inclined to complete a survey are unanimous in their satisfaction. By statute, our top two key customers are parties to complaints and filers of forms. Staff has not yet developed either a cost effective or reliable surveying technique for either group; however, when the final electronic filing system is operational a survey component is being examined for filers.

Category 4 –Measurement, Analysis and Knowledge Management

It is the Commission's belief that what gets measured is what gets done in an organization. The Commission measures the number of forms received; the number of complaints received; the number of complaints resolved; the number of both formal and informal opinions issued; and the amount of money received, to include late-filing penalties, complaint fines, administrative fees and lobbyist's/lobbyists' principals registration fees. The Commission's key measures are the comparisons between numerous years of compiling data of the number of various forms filed. The Commission compares the current year's numbers with past years, as well as comparing it with data from other similarly situated agencies. The Commission relies on staff members whose duties include the compilation of this information. The Commission uses the analysis of this data to assist in developing the strategic plan, as well as in the employee reviews each year. The Commission attempts to find other public agencies with comparable duties and mandates. As a result of the Commission's past membership with COGEL, the Commission has found only one other state agency with similar areas of responsibility regarding state government: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices

and disclosure. The Commission also found a city agency with the same responsibilities and the analysis for both entities appears in Category 7 Results. The compliance reports which are compiled monthly are maintained indefinitely, in that they become a part of the record of each Commission meeting. Meeting minutes with attachments dating back to the inception of the Commission in 1976 are archived and could be recovered if required. Cross training and reducing to writing the duties of each staff member are the means by which the Commission collects and maintains organization and employee knowledge. The Commission's small size lends itself to the identification and sharing of best practices among staff.

Category 5 - Human Resource Focus

As noted before, the State Ethics Commission is a small state agency. The Executive Director speaks to each employee daily. While the Commission is unable to make significant financial rewards to its employees, the Commission does provide many non-financial rewards such as flexible scheduling; casual dress day on Friday for nine months of the year and during the summer months throughout the week; recognition of significant employment milestones; birthday celebrations; holiday meals together; lunch for staff in observance of Employee Recognition Week; and training. Staff did receive a Christmas bonus in FY2006.

With an improving budget staff did participate in various training sessions. The Executive Director continued to participate in agency head training throughout the year. In addition, the Executive Director and the Investigators are certified law enforcement officers and they must participate in regular training sessions to maintain their certification. The Criminal Justice Academy provides this training at no charge to state

agencies. General Counsel participates in a minimum of 14 hours of continuing legal education training each year; however, the Commission does not pay for this training. Staff has participated in the Certified Public Manager's course, Human Resource management courses and various computer classes. The electronic filing system has necessitated additional computer training which has been provided by SCI under the State Portal contract. Before participating in training staff attempts to ensure that the training is applicable to the position of the staff member seeking training which ensures that the knowledge and skills gained in training are used.

The Employee Performance Management System provides an opportunity for the Executive Director and the employee to make changes to employee responsibilities in line with ongoing strategic goals and to revise position descriptions to accurately reflect actual duties. The process encourages high performance by realigning the position description and evaluation documents with the actual job responsibility.

The Commission monitors employee well being and satisfaction through two key measures: staff longevity and turnover. Three quarters of the staff has been with the Commission between five to sixteen years. The Commission attempted through informal discussion to discover why staff remains with the Commission; however, beyond the ongoing concern of the over-all state economy, no satisfactory reasons were given. The Commission has been fortunate in that it has never had an employee grievance matter.

The Commission's offices are located in a modern, private non-smoking office building. Adequate parking and lighting are provided. Staff members are encouraged to participate in the State's Preventive Partners programs, and to avail themselves of a

gym located in the office complex. The agency's policies manual contains procedures to follow in the event of fire, tornado, and bomb threat. The agency's telephones are programmed for one touch dialing to 911. The agency's law enforcement personnel participate in all available terrorism training through SLED and the Criminal Justice Academy.

Category 6 - Process Management

The Commission's key design and delivery processes must fit within the confines of the Commission's budget. Within these confines, the newest technology used by the Commission has been in previous years its web site, but with the implementation of the phase one electronic filing system the Commission has embraced modern technology. The Commission began a complete overhaul of the web-site in April 2006.

As noted in the Commission's previous Accountability Reports, the web site includes all formal advisory opinions and summaries of all complaints resolved. All the Commission's forms can also be downloaded and printed from the web site. As a result, the Commission has not incurred any printing costs since September, 2000. Additionally, minutes from the Commission's bi-monthly meetings are also available online. These efforts are directed at making the Commission's web site more user-friendly; more responsive to the public's needs; and more cost effective to the Commission, i.e. reduction in printing and postage costs. Finally, the Commission has provided a link to the phase one electronic filing system being used by the statewide candidates, as well as a link to a national web-site that provides campaign contribution information about various candidates in South Carolina in an electronic format.

The Commission's various measurements are not done on a day-to-day basis,

but rather week-to-week and month-to-month based on the particular deadline. The Commission has a minimum of seven deadlines throughout the year with more during an election year. The Commission attempts to ensure full staffing during deadline in order to ensure timely auditing and timely production of documents for requesters.

The Commission is in the business of managing the information provided in the various forms received, as well as the enforcement of the Ethics Reform Act. The Commission bi-monthly reviews the number of forms received in comparison to the previous year's filing period and speed and thoroughness of auditing. The part-time administrative assistant moves seamlessly between auditing financial disclosure and campaign disclosure as needed.

Category 7 - Business Results

Performance levels and trends for the key measures of the mission accomplishments and organizational effectiveness:

(1) Lobbyist Registration and Disclosure

The State Ethics Commission utilizes registration fees obtained from lobbyists and lobbyists' principals to administer this requirement. In FY2006, the State Ethics Commission received \$170,000.00 from these registration fees. More state agencies registered as lobbyist's principals in FY 2006; however, this change resulted in no revenue gain as state agencies do not pay registrations. The overall increase in the number of lobbyists registering resulted in the significant increase in funds.

Any person employed or retained to lobby for any person, group or business must register with the Commission within fifteen days after being employed or retained. Further, the person, group, or business which employs or retains a lobbyist must

register within fifteen days after such employment or retention. Registered lobbyists and lobbyist's principals are subject to strict restrictions on their activities while they are registered. Both the lobbyists and lobbyist's principals must file disclosures of income and expenditures by June 30th for the period January 1st through May 31st, and January 31st for the period June 1st thru December 31st. Registrations and reports are audited and made available for public inspection. Registration and disclosure reports totaled 4984 in FY2006, a increase over FY2005. An increase in lobbyists leads directly to an increase in disclosure. In FY2004 two disclosure reports were required and the third was optional depending on the legislative activity of the entities. In FY2005 the disclosure requirement changed to two filing periods and the numbers reflected the removal of the third filing period. The comparison is now accurate from the last year to this.

(2) Ethical Rules of Conduct

The Ethics Reform Act provides certain standards for public officials and public employees, centered around prohibitions against the use of the public position to affect the officeholder's or employee's economic interests, those of immediate family members, or businesses or individuals with whom the person is associated. These standards prohibit the misuse of public resources and confidential information, nepotism, revolving door contracts, receipt of compensation to influence official actions, and representation restrictions. Penalties for violations of the Act range from administrative penalties, including public reprimands and civil fines of up to \$2000 per violation, to criminal penalties ranging from \$5000 and one year in prison to \$10,000 and ten years in prison.

(3) Financial Disclosure

Certain public officeholders, to include all public officials, either elected or appointed; candidates; public members of state boards; chief administrative officials or employees; chief procurement officials or employees; and chief finance officials or employees must file a Statement of Economic Interests (SEI) at specified times to include an annual update by April 15th. The Commission develops the reporting form; provides the form to required filers; receives and audits the filed reports; and makes those reports available for public inspection. In FY2006, approximately 9402 SEIs were processed. This is a significant increase over last year, but it is an election year. Staff stressed in training and correspondence with municipalities, counties, school districts and other public entities those individuals required to annually file SEIs. Those individual filers who had not filed as of March 15th received a postcard reminder. Staff diligently sought cost-effective ways to provide notice to those public officials, public members and public employees required to file SEIs.

(4) Campaign Practices and Disclosure

Candidates and committees are required to file disclosure of their campaign finance activities. They are subject to contribution limitations, restricted use of campaign funds, and proper accountability. The Commission develops the reporting form; provides the form to required filers; receives and audits the filed reports; and makes those reports available for public inspection. In FY2006 approximately 6499 campaign disclosure forms were received, audited and made available to the public. The Commission receives Campaign Disclosure Forms from the House Ethics Committee and the Senate Ethics Committee which are made available to the public.

To follow is a review of the previous ten years of Commission activity. The one significant trend is the increase in the number of complaints resolved. Forty-two cases were dismissed at the fact sufficient stage which means the complaint did not allege a violation of the Ethics Reform Act. Several complaints were filed alleging violations of the Freedom of Information Act which is obviously not within the Commission's jurisdiction.

LEVELS OF PERFORMANCE-FY97 TO FY2006

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
COMPLAINTS+										
Filed	37	49	54	107	144	124	138	111	136	136
Final Disposition	18	35	51	108	150	136	92	110	112	152
On Hand	33	47	50	45	39	27	73	44	58	22
ADVISORY OPINIONS										
Formal	6	13	7	11	6	12	6	3	3	4
Informal	296	292	128	117	105	121	54	68	73	64
FORMS										
Statement of Economic Interests	9,056	9,193	8,378	9,588	8683	8,410	8,970	9104	8776	9402
Campaign Disclosure Form	4,308	4,111	4,431	4,170	5169	3,963	4,658	4873	5158	6499
Lobbyist/ Lobbyist's Principal Registration & Reports	4,137	4,191	5,856	4,717	4786	4,349	4,527	4445	3542	4984
TRAINING SESSIONS										
Conducted	34	33	24	24	26	17	20	19	16	30
Participants	1,452	1,515	904	1,398	1,600	954	961	530	1724	1276*

* The number of participants for FY2006 reflected in the chart represents those individuals actually present during training programs. The number does not represent the hundreds and hundreds of county and city planning officials and employees

receiving the ethics training from taped programs in FY2006.

Performance levels and trends for the key measures of customer satisfaction:

Training is essential to the four million residents of the State where approximately 230,000 citizens are engaged in government employment and approximately 10,000 are engaged in government service. As part of its public mission, the Commission feels that it is vital to educate public officials, public members, public employees and the general public regarding the standards of conduct and disclosure requirements of the Ethics Reform Act. Whenever possible, as personnel and resources are available, staff conducts training for its various customers throughout the state. Customers receiving training in FY 2006 included the following: the South Carolina Chapter of the National School Public Relations Association; SCAARLA; Agency Directors Organization Fall Forum; South Carolina Department of Revenue; South Carolina Department of Probation, Parole and Pardon Services; South Carolina Association of Probate Judges; South Carolina Worker's Compensation Commission; Anderson Chamber of Commerce Candidate Academy; Lexington City Council; Easley City Council Retreat; South Carolina Department of Insurance; Self Civic Fellows Program; American Society of Public Administrators; Richland Planning Commission; South Carolina Coalition for Black Voter Participation; South Carolina Conservation District Employees; SJWD Water District; public officials and public employees through the Municipal Association of South Carolina on four occasions; South Carolina School Board Association members and candidates for school board; and South Carolina House of Representatives staff.

Hand-in-hand with training is the advisory nature of the Commission's

responsibility. The Commission advises its customers concerning the intricacies of the law through both informal and formal opinions. Staff answers approximately 197 telephone inquires per month. The Commission's policy of issuing informal opinions provides more timely advice to its customers. This advice is based on prior opinions, decisions, and staff experience and interpretation of the statute. The Commission has established the objective of responding to all informal advisory opinions within seven to ten calendar days. This target is met approximately 98% of the time and when it cannot be met the requestor is informed of the delay and when to anticipate his opinion. Formal opinions are handled as expeditiously as possible at regularly scheduled Commission meetings. The advice given, either written or verbal, provides information to the various customers of the Commission.

The Commission has hired a second part-time investigator in order to continue its commitment to the timely investigation of alleged violations of the Ethics Reform Act, which is a key component of the Act and where the Commission's involuntary customers appear. The investigators have divided the state into two regions in order to better utilize their time. A due process procedure is established in the statute and staff has worked to reduce the completion time from the receipt of a complaint to final disposition. Non-compliance matters, from issuance of complaint to final disposition, take approximately four months. Other complaints' completion times were approximately six months, but can be as long as nine to twelve months in duration. Several complaints have been very complex and have taken considerably longer to investigate in FY2006.

Of the 152 complaints resolved in FY2006, approximately six complaints were

resolved by Consent Orders. Twenty-three Decisions and Orders were issued wherein the Respondent filed the form, but the late-filing penalties remained unpaid. Eighteen hearings were held. Fines of \$4500.00 were collected. Forty-two complaints were dismissed at the fact sufficient stage and thirty-three were dismissed for lack of probable cause. The remaining twenty five complaints were either waived due to compliance or extenuating circumstances or withdrawn by the complainant or the Commission. In addition, the Commission collected \$69,626.22 in late filing penalties for failing to timely file Statement of Economic Interests forms, Campaign Disclosure forms, and lobbyist and lobbyist's principal reports. The Department of Revenue's Set-off Debt program collected an additional \$13,930.97 in late filing penalties. The Department of Revenue's GEAR program collected an additional \$14,296.15 in late filing penalties through the garnishment of wages. The Commission continues to emphasize the timely enforcement of disclosure deadlines.

LEVELS OF PERFORMANCE

The report shows the current level of performance in the four key areas. They include:

	FY2006	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	% change from previous year
Complaints								
Received	136	136	111	138	124	144	107	0
Final Disposition	152	112	110	92	136	150	108	36
Pending	22	58	44	73	27	39	45	-38
Forms								
Statement of Economic Interests form	9402	8776	9104	8970	8,410	8,683	9,588	7
Campaign Disclosure Form	6499	5158	4873	4658	3,963	5,169	4,170	25
Lobbyist/Lobbyist's Principals' Registration & Reports	4984	4243	4445	4527	4,349	4,786	4,717	17.5
Opinions								
Formal	4	3	3	6	12	6	11	33
Informal	64	73	68	54	121	105	117	-9

Training								
Training Sessions	30	16	19	20	17	26	24	87.5
# Trained	1276	1724	530	961	954	1,600	1,398	-26

By and large the percentage changes from one year to the next are minimal and those significant percentage changes reflect activity over which the Commission has minimal control. Training is contingent on requests. In FY2006 training sessions increased significantly and the participants were much greater, although not reflected in the above number. Two separate sessions were filmed and have been broadcast across the state to numerous public members and employees of city and county planning offices.

Formal advisory opinions increased by one and informal opinions decreased only slightly from last year. Staff continued to reduce the response time in the issuance of informal advisory opinions and to publicize the availability of formal opinions on its website. The availability of advisory opinions on the Commission's web site has directly resulted in a significant decrease for written opinions request.

The City of Chicago Board of Ethic's key responsibilities mirror the four distinct responsibilities of the Commission: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure. The Board of Ethics in providing advice responds to inquiries (verbal responses) and cases (written responses). The Board of Ethics handled more than 2100 inquiries in FY2005 and 117 cases as opposed to 2364 inquiries and 152 cases by the Commission. The Board of Ethics' staff is nine FTEs. Its budget is significantly larger at approximately \$603,000.00.

A continued goal of staff was to reduce the backlog of non-compliance matters

considering the amount of staff time that must be devoted to ensuring proper and timely reporting. When proper and timely disclosure does not occur, then significant staff time is devoted to the administrative late-filing procedure, as well as the complaint and hearing process. A complaint is not filed simultaneously to a missed deadline, as the Commission by statute has an administrative late-filing penalty procedure which takes approximately two months to complete. This procedure begins immediately following a quarterly deadline and the annual financial disclosure deadline of April 15th. Complaint matters relating to disclosure have remained the largest percentage of complaints. The Commission received 136 complaints, of which 69 were related to disclosure, and resolved 152 complaints, of which 46 were related to disclosure. The Commission continues to meet its goal of timely prosecuting non-compliance matters to avoid a backlog.

The Commission continued to make direct contact with filers of the Statement of Economic Interests (SEI) form 30 days prior to the deadline. As a result the Commission achieved nearly 80% compliance. Of the remaining 20% of forms not received by deadline, the Commission achieved near total compliance following the exhaustion of administrative and enforcement remedies. Staff diligently sought cost-effective ways to provide notice to those public officials, public members and public employees required to file SEIs and the increased forms filed reflect that diligence. Staff stressed in training and correspondence with municipalities, counties, school districts and other public entities, those individuals required under Section 8-13-1100 to annually file SEIs. The Kansas Governmental Ethics Commission enforces the Campaign Finance Act and State Governmental Ethics Law primarily on the state level

to include House, Senate and Judicial and to a very limited extent on the local level. In FY2005, the Kansas Governmental Ethics Commission received 5713 campaign finance forms in an election year and 5617 financial disclosure forms. The Kansas Governmental Ethics Commission reported an enviable rate of 100% compliance with financial disclosure.

An increase occurred in lobbyists' and lobbyist's principals' registrations and disclosures, an increase over which the Commission has no control. The Chicago Board of Ethics also experienced a significant increase in the number of lobbyists filing. This follows a national trend. In six years the number of federal lobbyists has doubled to 30,000 with a comparable increase in the number of principals.

In FY2006, a total of 1348 requests to review statements were filed and honored with the Commission, compared to 1365 in FY2005, an decrease of 17 requests. The decrease is directly related to the ability of the press and public to go to the Commission's electronic filing system to review statewide candidates' files. Staff has had to devote less time each week because of the electronic filing system. The City of Chicago Board of Ethics noted only 634 requests to review documents and the Kansas Governmental Ethics Commission does not report that information.

Current levels and trends of financial performance:

Since September, 2000, the Commission has ceased printing forms. All forms can be downloaded from the web site. This results in a savings of materials, equipment use, personnel time and postage. Additionally, minutes from the Commission's bi-monthly meetings are also available online. These efforts are directed at making the Commission's web site more user-friendly, more responsive to the public's needs and

more cost effective to the Commission, i.e. reduction in printing and postage costs. Despite the significant budget cuts borne by the Commission, it has suffered a nominal negative effect on its mission.

Performance levels and trends for the key measures of Human Resource Results:

The Employee Performance Management System provides an opportunity for the Executive Director and the employee to make changes to employee responsibilities in line with ongoing strategic goals and to revise position descriptions to accurately reflect actual duties. The process encourages high performance by realigning the position description and evaluation documents with the actual job responsibility.

Performance levels and trends for the key measure of regulatory/legal compliance and community support:

Not applicable.

APPENDIX A

ADVISORY OPINIONS

SEC AO2006-001

July 20, 2005

SUBJECT: CAMPAIGN SIGNS ON PUBLIC PROPERTY

SUMMARY: The Commission concludes that when determining whether a campaign sign placed on public property violates Section 8-13-1346, it will review the predominant purpose of that property at the time.

SEC AO2006-002

January 18, 2006

SUBJECT: CITY COUNCIL MEMBER'S FIRM REPRESENTING CLIENTS BEFORE CITY AGENCIES

SUMMARY: A city council member's firm may not appear before various city approval and permitting boards.

SEC AO2006-003

May 17, 2006

SUBJECT: NEPOTISM

SUMMARY: A public employee and a public member may continue in their respective positions with the same governmental entity following their marriage without violating the nepotism prohibitions of Section 8-13-750.

SEC AO2006-004

May 17, 2006

SUBJECT: TO INFLUENCE THE OUTCOME OF AN ELECTION

SUMMARY: A committee is a group of persons which to influence the outcome of an elective office receives contributions or makes expenditures in excess of \$500 during an election cycle. Section 8-13-1300(31)(c) defines the term "influence the outcome of an elective office" to include purchased program time broadcast over television or radio, not more than forty-five days before an election, which promotes or supports a

candidate or attacks or opposes a candidate, regardless of whether the communication expressly advocates a vote for or against a candidate.

APPENDIX B

COMPLAINTS RESOLVED FY 2005-2006

Copies of these Orders may be obtained by contacting the State Ethics Commission. Complaints which were dismissed for lack of sufficient facts and those which were found to be groundless are not a matter of public record.

C2005-083 SEC vs. Scott

C2006-009 Livingston vs. Vaughters

C2006-057 Knapp vs. Williams

C2006-058 SEC vs. Carolina Film Alliance

C2006-025 SEC vs. Dukes

C2006-027 SEC vs. Johnson

C2006-026 SEC vs. Ferringer

C2006-050 SEC vs. Gantt-Brown

C2006-042 SEC vs. Sutton

C2006-069 SEC vs. Greenville County Democratic Action Commission

C2006-047 SEC vs. Troy

C2006-051 SEC vs. Lawson, Sr.

C2006-048 SEC vs. Frazier

C2006-036 SEC vs. Burris

C2006-034 SEC vs. Carter

C2006-033 SEC vs. Baisden

C2006-030 SEC vs. Townes

C2006-028 SEC vs. Lowery

C2006-024 SEC vs. Corey

C2006-023 SEC vs. Clark
C2006-022 SEC vs. Chestnut
C2006-019 SEC vs. Summers, Jr.
C2006-017 SEC vs. Life Settlement Institute
C2006-016 SEC vs. Stephens
C2006-014 SEC vs. Bowers
C2006-013 SEC vs. Joe
C2006-008 SEC vs. Cone, Jr.
C2006-007 SEC vs. Boyd
C2006-005 SEC vs. Gregory
C2006-090 and C2006-056 SEC vs. Sheek
C2006-073 SEC vs. Fowler
C2006-072 SEC vs. Summers, Jr.
C2006-055 SEC vs. McMullen
C2005-066 Lawrence vs. Randolph
C2005-115 Lawrence vs. Hardin
C2005-068 Lawrence vs. Hardin
C2006-061 Summers vs. Price
C2006-061 Summers vs. Price
C2005-065 Lawrence vs. Harris
C2006-052 SEC vs. Muldrow
C2006-045 SEC vs. Grier
C2006-044 SEC vs. Chappell

C2006-043 SEC vs. Thompson
C2006-041 SEC vs. Richardson
C2006-040 SEC vs. Moses
C2006-029 SEC vs. Thomas
C2006-021 SEC vs. Ard
C2006-020 SEC vs. Ramsey
C2006-018 SEC vs. Barham
C2006-015 SEC vs. Merritt
C2006-119 SEC vs. Foster
C2006-102 Anderson, Jr. vs. Feagins
C2005-101 Fleming-Crosby vs. Singletary
C2005-059 SEC vs. Grass Roots Gun Rights of SC, Inc.
C2004-071 SEC vs. Bostick
C2005-091 Floyd-Fogleman vs. Kinley
C2005-105 SEC vs. Poston

INDEX-KEYWORD-TITLE

Campaign signs on public property	AO2006-001
Public official representing clients before city agencies	AO2006-002
Nepotism	AO2006-003
To influence outcome of an election	AO2006-004

INDEX- KEYWORD SUBJECT

Public Party; campaign sign; predominant purpose AO2006-001
Represent; as required by law AO2006-002
Nepotism; family member; immediate family member; economic interest AO2006-003
Influence the outcome of an election; committee; contribution AO2006-004

ADVISORY OPINIONS CODE SECTIONS

Code Sections	Advisory Opinions
8-13-765; 8-13-1346	AO2006-001
8-13-740 (A) (5)	AO2006-002
8-13-750; 8-13-700 (B); 8-13-100	AO2006-003
8-13-1300	AO2006-004

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