

## **Accountability Report Transmittal Form**

Agency Name \_\_\_\_\_ State Ethics Commission

Date of Submission \_\_\_\_\_ September 12, 2006

Agency Director \_\_\_\_\_ Herbert R. Hayden, Jr.

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# **STATE ETHICS COMMISSION**

## **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						
<b>Total</b>	<b>\$552,182</b>	<b>\$552,182</b>	<b>\$623,828</b>	<b>\$623,828</b>	<b>\$673,336</b>	<b>\$673,336</b>

**Other Expenditures**

Sources of Funds	04-05 Actual Expenditures	05-06 Actual Expenditures
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.	<b>State:</b> 352,985.00 <b>Federal:</b> <b>Other:</b> 126,804.00 <b>Total:</b> 479,789.00  <b>% of Total Budget:</b> 100%	<b>State:</b> 335,068.00 <b>Federal:</b> <b>Other:</b> 97,378.00 <b>Total:</b> 432,446.00  <b>% of Total Budget:</b> 100%	Category 7.3

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

<b>Remainder of Expenditures:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>  <b>% of Total Budget:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>  <b>% of Total Budget:</b>
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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

<b>Program Number and Title</b>	<b>Supported Agency Strategic Planning  Goal/Objective</b>	<b>Related FY 05-06 Key Agency  Action Plan/Initiative(s)</b>	<b>Key Cross References for Performance Measures*</b>
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 mission accomplishment and organizational effectiveness:***

### **(1) Lobbyist Registration and Disclosure**

The State Ethics Commission utilizes registration fees obtained from lobbyists and lobbyist's 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 30<sup>th</sup> for the period January 1<sup>st</sup> through May 31<sup>st</sup>, and January 31<sup>st</sup> for the period June 1<sup>st</sup> thru December 31<sup>st</sup>. 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 15<sup>th</sup>. 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 15<sup>th</sup> 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
<b>COMPLAINTS</b>										
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
<b>ADVISORY OPINIONS</b>										
Formal	6	13	7	11	6	12	6	3	3	4
Informal	296	292	128	117	105	121	54	68	73	64
<b>FORMS</b>										
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
<b>TRAINING SESSIONS</b>										
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 inquiries 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
<b>Complaints</b>								
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
<b>Forms</b>								
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
<b>Opinions</b>								
Formal	4	3	3	6	12	6	11	33
Informal	64	73	68	54	121	105	117	-9
<b>Training</b>								
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 15<sup>th</sup>. 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.

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