

**Accountability Report Transmittal Form**

Agency Name South Carolina State Ethics Commission

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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. Major Achievement from Past Year**

The major achievement from the past year continues to be the new filing system. The system has improved services to the public and press requesting access to financial disclosure and campaign disclosure records. In addition, staff continues to upgrade the Commission's web-site to include information on resolved complaints, advisory opinions, Lobbyist/Lobbyist's Principal lists and the availability of all Commission forms online. The ability of filers to download and print Commission forms has been both a time-saver for staff and a cost-saver to the Commission. A list of public officials and employees who have failed to pay late filing penalties and enforcement fines was added during 2002.

## **2. 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.

## **3. Key Strategic Goals for Present and Future Years**

A continued key strategic goal is an electronic filing system. The system would enable public officials, candidates, public employees and lobbyists/lobbyist's principals to file registration and disclosure reports on line. A second strategic goal is the cross training of personnel to ensure smooth transitions in the event of promotions, retirement or turnover.

## **4. Opportunities and Barriers in Fulfilling Mission and Achieving Goals**

Enforcement of the very complex Ethics Reform Act is one of the major challenges before the State Ethics Commission. Citizen's and state agency's 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. Budgetary constraints make achieving this goal impossible at this time.

## SECTION II - BUSINESS OVERVIEW

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 Commission has a ten-member staff (9 FTE's, 1 PTE for 6 months and 1 PTE vacant).

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. No other position reports to the Commission. The Executive Director advises the Commission regarding administrative and law enforcement matters. As necessary or upon request, he provides members of the General Assembly with information pertinent to matters before that body. He informs the Attorney General about matters of significant interest to the state's chief prosecutor. The Executive Director maintains contact with major components of the state criminal justice system such as SLED and circuit solicitors to assist in providing a coordinated investigation of matters of mutual interest.

The Commission's Assistant Director/General Counsel provides legal counsel to the Commission and agency staff; prosecutes complaint matters and administrative violations of the state's ethics laws before a Commission hearing panel; represents the Commission in both state and federal courts; researches and prepares advisory opinions; and acts as liaison with the Attorney General's office for criminal prosecution of violations, as needed. The Assistant Director/General Counsel also oversees the Disclosure Section. Under limited supervision, the Assistant

Director/General Counsel plans, organizes, and directs statewide activities of the administrative and investigative operations of the agency; directs activities relating to the enforcement of the Ethics Reform Act; ensures compliance with all disclosure requirements; and assumes responsibilities of Executive Director in his absence.

The Chief Investigator assists the Executive Director in planning, organizing, and directing the enforcement of investigative and non-compliance activities; and conducts criminal and sensitive administrative investigations of violations of the state's ethics laws.

The Administrative Coordinator/Executive Assistant to the Director provides administrative support to the Executive Director; directs the agency-wide fiscal program, and supervises the agency budgetary process; directs the agency procurement operation; and supervises the Non-Compliance program.

The Human Resource Manager directs the agency personnel and payroll operations; manages employee participation in the state benefits program, and personal development training; supervises the lobbyists/lobbyist's principal program; maintains the agency web site; and supervises the production of the agency newsletter.

The Data Coordinator supervises the receipt, audit, scanning, and maintenance of all financial and campaign disclosure documents; responds to public and agency requests for documents; and refers non-compliance matters to the Administrative Coordinator.

The Commission has only one location at 5000 Thurmond Mall, Suite 250, Columbia. 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. Beyond the computer support and services provided by the Office of Information Resources and the

University of South Carolina, the Commission does not have key suppliers. All other services and supplies are obtained through the bid process. 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	00-01 Actual Expenditures		01-02 Actual Expenditures		02-03 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$327,470.73	\$327,470.73	\$327,523.73	\$327,523.73	\$331,304	\$331,304
Other Operating	\$168,541.38	\$92,379.09	\$151,064.34	\$77,062.37	\$100,116	\$50,116
Special Items	\$0	\$0	\$25,786.10	\$25,786.10	\$0	\$0
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions to Subdivisions	(\$14,672)***	\$0	(60,485)* (10,129)**	(60,485)* (10,129)**	\$0	\$0
Fringe Benefits	\$92,383.01	\$92,383.01	\$90,227.44	\$90,227.44	\$86,323	\$86,323
Non-recurring	\$10,973.09	\$10,973.09	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$584,696.21</b>	<b>\$525,205.92</b>	<b>\$523,987.61</b>	<b>\$449,985.36</b>	<b>\$517,743</b>	<b>\$467,743</b>

\*Represents total fiscal year budget cuts.

\*\*Represents carry forward from FY00-01

\*\*\*Represents 1% reduction & carry forward funds from FY2001

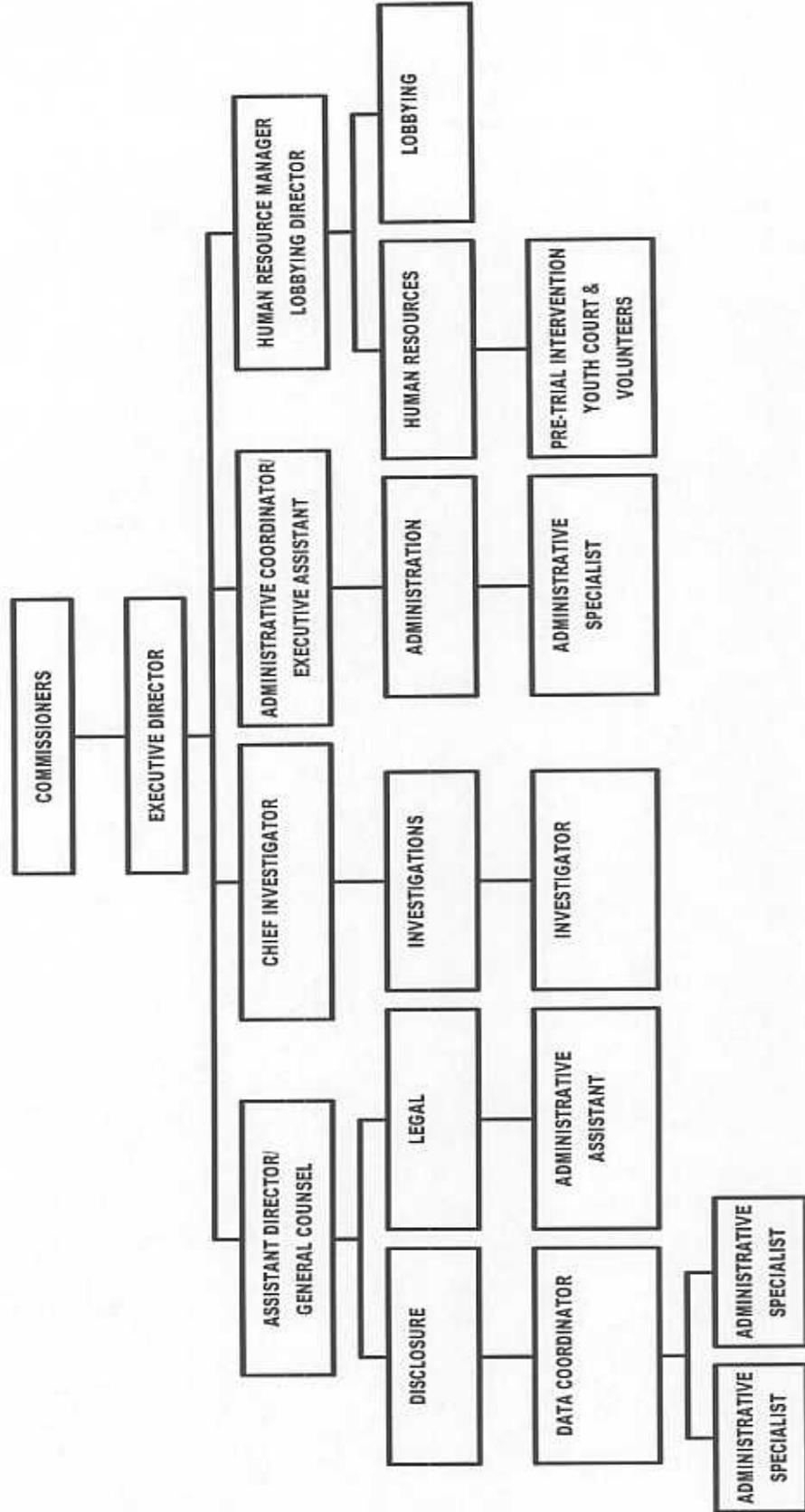
*Other Expenditures*

Sources of Funds	00-01 Actual Expenditures	01-02 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve	\$0	\$0
Funds		
Bonds	\$0	\$0

Base Reduction:	\$26,382
4% Midyear Reduction:	\$20,050
1.52% Sequestered:	\$ 7,314
1% across the Board reduction:	\$ 4,812
Other Funds Reduction:	<u>\$ 1,927</u>
TOTAL	\$60,485

State Ethics Commission

ORGANIZATIONAL CHART



### 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 ten people (nine FTE's and one PTE). Every employee, as well as volunteers, appears on the organizational chart. There are not layers of managers, supervisors, deputies, etc. between the Commission's senior leader, the Executive Director, and Commission staff. The Executive Director speaks to each employee everyday. The Executive Director discusses short term expectations at monthly staff meetings. The Executive Director reviews leave requests, determines the audit status of all forms and updates staff on matters of interest. Of particular interest this year was the budget shortfall and potential layoffs. The Executive Director communicated regularly with staff about the budget and also sought staff input on cost-saving strategies.

Long term performance expectations and direction 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.

The Executive Director is always prepared to listen to staff's suggestion on ways to improve a process for both the customer and the employee. Due to the size of the Commission, the Executive Director is not removed from the "front line". Except for the newest employee, staff, to include the Executive Director, has audited forms during the dead-line rush. All members of staff have filled "Requests for Documents" requests. In fact it was while the Executive Director was locating a

document to answer a caller's question that a plan on implementing a new filing system began. Staff, like various customers, often make suggestions that they believe would improve the process; however, many processes must be complied with because they are mandated in the Ethics Reform Act.

In the past training sessions and seminars were available to all employees; however, in January, 2001, the Commission froze the training budget as a result of anticipated midyear budget cuts and cuts in the FY2002 budget. Only essential training was taken by staff. The Executive Director continued to participate in agency head training throughout the year. In addition, the Executive Director and the Investigator are certified law enforcement officers and they must participate in regular training sessions to maintain their certification. This training is provided by the Criminal Justice Academy at no charge to 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.

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 are courteous and knowledgeable in responding to the Commission's

customers. Staff, to include the Executive Director, have an open-door policy for walk-in customers.

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 this compliance report for comparison.

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.

Staff are 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 YWCA Legal Clinic, the Salvation Army Red Kettle Campaign, Meals on Wheels and regular blood 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 sole participant in the strategic planning process. As noted, 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, its small staff and its outdated computer system. Customer needs and expectations are reviewed in line with the requirements of the Ethics Reform Act. Due to the Commission's limited budget, financial considerations are ever present in the strategic planning process, as are the human resource capabilities and needs and the operational capabilities and needs.

Of the two strategic goals in place, the electronic filing system action plan is in place. No monetary resources were expended, although a significant amount of staff time was devoted to reviewing various systems already in use. The cross training is ongoing as the longest-employed staff member did retire during FY2002. 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. 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.

### *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 are 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 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 such time as the Commission's budget includes funding for electronic filing, the Commission will not keep current with the changing customer needs. According to information provided by the Center for Governmental Studies of Los Angeles, California, South Carolina is one of only four states which do not provide some form of electronic filing/viewing.

Due to budget constraints only one key customer group was regularly surveyed in FY2002: training participants. 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 80% of responders found the training to be good or excellent; however, 20% found it to be poor and unresponsive to their expectations. By statute, our top two key customers are complainants and respondents and filers of forms. Staff has not yet developed either a cost effective or reliable surveying technique for either group.

#### *Category 4 - Information and Analysis*

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 relies on staff members whose duties include the compilation of the above information. The Commission uses the analysis to assist in developing the strategic plan. 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.

#### *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; recognition of significant employment milestones; birthday celebrations, to include the afternoon off; holiday meals together; a ½ day for Christmas shopping; lunch for staff in observance of Employee Recognition Week; and in years past training.

Training sessions and seminars were available to all employees; however, in January, 2001, the Commission froze the training budget as a result of anticipated midyear budget cuts and expected cuts in the FY2002 budget. The cuts continue. Only essential training was taken by staff. The Executive Director continued to participate in agency head training throughout the year. In addition, the Executive Director and the Investigator are certified law enforcement officers and they must

participate in regular training sessions to maintain their certification; however, 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 have participated in free training provided by the State when available.

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. Measures of employee satisfaction are staff longevity and turnover. The longest serving employee of the Commission did retire in FY 2002 after 22 years of service. Two-thirds of the staff have been with the Commission between five to fourteen years. The Commission attempted through informal discussion to discover why staff remains with the Commission; however, beyond the standard platitudes, no satisfactory reasons were given.

At the outset, the Commission's office is in a smoke-free building which provides a smoke-free work environment. Except for certified law enforcement officers, the Commission's office does not permit concealable weapons. Policies and procedures are in place regarding weapons and the use of force. The staff kitchen is a repository for various health newsletters and employees are welcome to post health articles and other articles of interest in the kitchen. Staff members take part in health screenings offered by the State Health Plan and results are informally discussed in staff

meetings.

Employees are encouraged to participate in community service projects. These include the United Way, the Good Health Appeal, Buck-A-Cup, Ask-a-Lawyer, the YWCA Legal Clinic, the Salvation Army Red Kettle Campaign, Meals on Wheels and regular blood donations to the American Red Cross. In addition, many employees are actively involved in their churches and their churches' community outreach programs.

#### ***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 its web site. The Commission's Human Resource Manager, in coordination with the Office of Information Resources, continues to upgrade the Commission's web site. 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. Due to budget constraints, the Commission's newsletter is now only provided online. 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.

The Commission's various measurements are not done on a day-to-day basis, but rather on a week-to-week and month-to-month based on the particular deadline. The Commission has a minimum of eight deadlines throughout the year with more during an election year. The

Commission attempts to ensure full staffing during these deadlines 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.

Except for computer support and services the Commission does not have a key supplier, contractor or partner. The Commission meets yearly with the computer support and service providers to review the previous years service in order to make any changes in the contract needed to fulfill the Commission's strategic goals.

#### ***Category 7 - Business Results***

##### *Performance levels and trends of customer satisfaction:*

Training is essential to the four million residents of the State where approximately 232,000 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 2002 included the following: public officials and public employees through the Municipal Association of South Carolina; South Carolina School Board Association members and candidates for school board on two separate occasions; House and Senate employees; public employees of the City of Lancaster; public officials and public employees of the Richland School District One; approximately 200 members of the South Carolina Bar Association; the SC Association of Government Purchasing Officials; the South Carolina Correctional

Association; approximately 250 attorneys at the 2001 SC Local Government Attorneys Institute; public employees and public officials of the SC Commission for Minority Affairs; approximately 94 public employees of the City of Rock Hill; probate judges attending the Probate Judges Conference; and attorneys attending the Association of SC Claimant Attorneys for Workers Compensation Spring Seminar.

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 151 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 95% 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. A chart identifying the types of opinions issued follows.

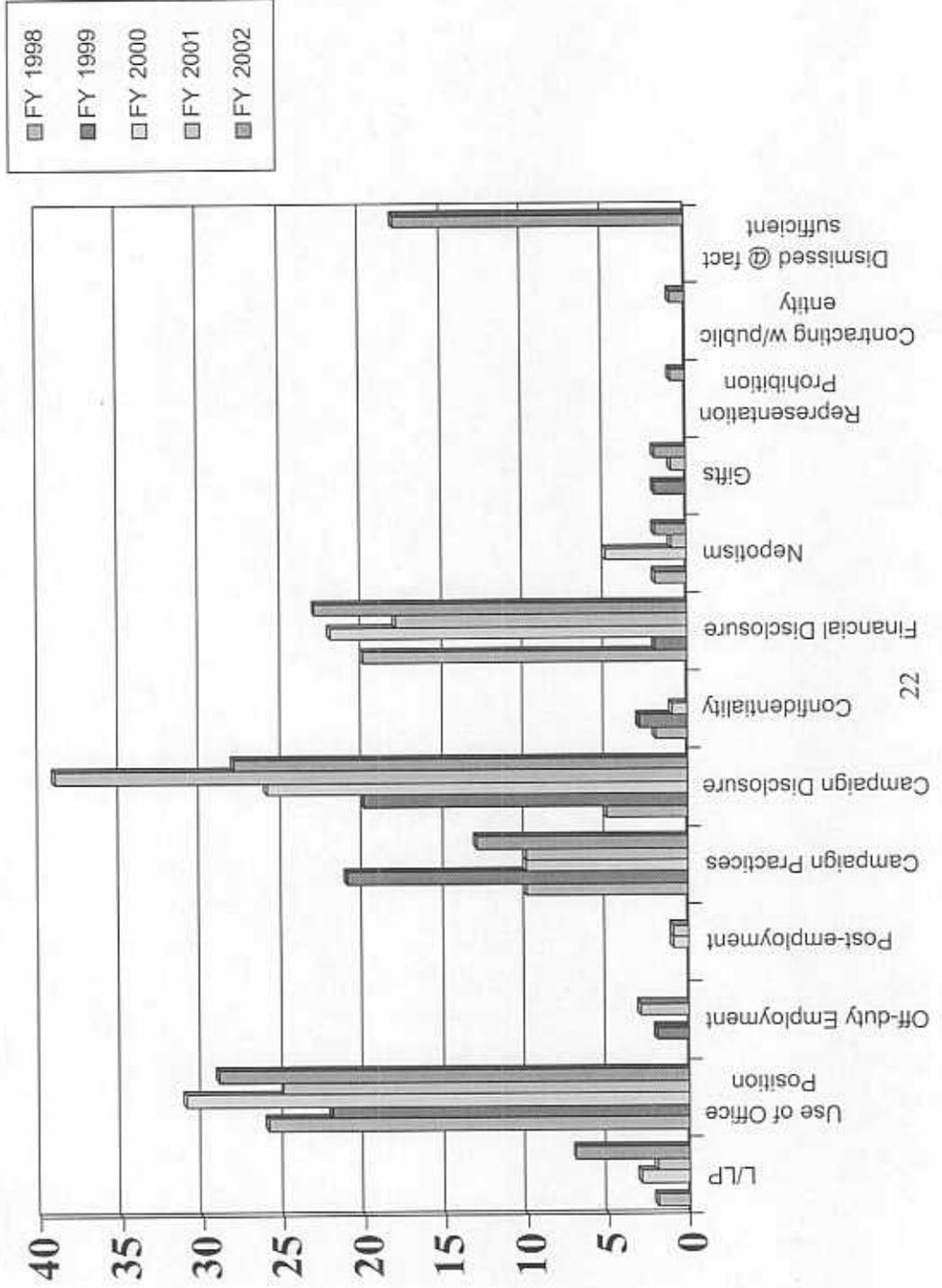
# Advisory Opinions Issued



The Commission has committed more time to investigating alleged violations of the Ethics Reform Act, which is a key component of the Act and where the Commission's involuntary customers appear. A due process procedure is established in the statute and staff have 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 time are approximately six months.

Of the 136 complaints resolved in FY2002, approximately 13 complaints were resolved in four months or less. In addition, five complaints were resolved by Consent Orders. Fines of \$7,416.64 were collected. Thirty-eight hearings were held and fines totaling \$78,400 were assessed. One complaint was referred to a county solicitor and the matter is now pending in Circuit Court. Forty-five complaints were dismissed at the fact sufficient stage or for lack of probable cause. The remainder of the complaints proceedings were waived due to compliance or extenuating circumstances. A chart of the types of complaints filed over the last five years follows.

# Complaints



In addition, the Commission collected \$58,308.17 in late filing penalties for failing to timely file Statement of Economic Interests, Campaign Disclosure Forms, and lobbyist and lobbyist's principal reports. The Department of Revenue's Set-off Debt program collected an additional \$14,935.40 in late filing penalties. The Commission continues to emphasize the timely enforcement of disclosure deadlines. In the past the Commission only penalized those individuals who failed to file. Late filers were not penalized and thus timely disclosure did not occur.

## LEVELS OF PERFORMANCE

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

	FY 2002	FY2001	FY2000	FY99	%Change from previous year
<b>Complaints</b>					
Received	124	144	107	54	(13)
Final Disposition	136	150	108	51	(9)
Pending	27	39	45	50	(30)
<b>Forms</b>					
Statement of Economic Interests	8,410	8683	9,588	8,378	(3)
Campaign Disclosure Form	3,963	5169	4,170	4,431	(23)
Lobbyist/ Lobbyist's Principals' Registration & Reports	4,349	4786	4717	5,856	(9)
<b>Opinions</b>					
Formal	12	6	11	7	100
Informal	121	105	117	128	16
<b>Training</b>					
Training Sessions Held	17	26	24	24	(33)
# Trained	954	1600	1398	904	(40)

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 by public agencies, public office holders, and other interested groups, such as the Municipal Association of South Carolina and the South Carolina Bar Association. In the 2001 Appropriation Act, a proviso permitted the Commission to charge a fee for training in order to re-coup the costs. The charge has been a factor in the decreased number of training sessions.

Both formal and informal advisory opinions increased and staff continued to track telephone

inquires. Staff answered approximately 151 telephone inquiries per month. Staff continued to reduce the response time in the issuance of informal advisory opinions and to publicize the availability of opinions in its on-line newsletter and at training sessions. Due to costs restrictions and the distorted survey results from FY2001 no surveying of informal opinion requesters was done. 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 1400 inquiries in FY2001 and 52 cases as opposed to 1945 inquiries and 136 cases by the Commission. The Board of Ethics' staff is slightly larger with 12 FTE's and its FY2001 budget significantly larger at approximately \$700,000.00.

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>. As the chart on page 22 illustrates, complaint matters relating to disclosure have remained the largest percentage of complaint matters. The Commission received 124 complaints, of which 51 were related to disclosure, and resolved 136 complaints, of which 60 were related to disclosure. The Commission continues to meet its goal of timely prosecuting non-compliance matters to avoid a backlog.

The significant decrease in CD's from the previous fiscal year is not easily explained. The number of CD's received is the lowest received in four years. Staff continues to research the decrease but no conclusions have been drawn.

The Commission had a slight decrease of filings of Statements of Economic Interests. During FY2001, all special purpose districts were surveyed to ensure the proper public members and public employees were filing annual SEI's. This survey resulted in 67 public members and public employees of 12 special purpose districts being removed from the filing requirements. Staff stressed in training and correspondence with municipal, counties, school districts and other public entities who is required under §8-13-1100 to annually file SEI's. The Kansas Governmental Ethics Commission enforces the Campaign Finance Act and State Governmental Ethics Law primarily on the state to include House Senate and Judicial and to a very limited extent on the local level. In FY2002, the Kansas Commission received 5092 campaign finance forms and 5965 financial disclosure forms. The Kansas Commission reported an enviable rate of 98% compliance with financial disclosure.

An approximate ten percent decrease occurred in lobbyists' and lobbyist's principals' registrations and disclosures. This decrease can be attributed to a decrease in lobbying during the final reporting period which requires no disclosure.

In FY2002, a total of 1,348 requests to review statements were filed and honored with the Commission, compared to 1,205 in FY2001, an increase of 143. Staff devotes a significant portion of each week to providing information in a timely manner to requesters. The new filing system, implemented in calendar year 2001, continues with the assistance of Richland County Pre-trial Intervention participants. The volunteers have clocked approximately 1950 hours in the filing office, as well as making copies of forms and providing other secretarial services as needed. Staff could

not have implemented the new filing system without the services of the volunteers. For those customers seeking current documents and those filed within the last two years, staff response time to locate the documents is minutes. Neither the City of Chicago nor the Kansas Board of Ethics report on Requests to Review.

The Commission again sought funds to implement the electronic filing of all documents received by the Commission. Electronic filing would allow for more timely filing; it would reduce incomplete filings; and it would reduce repetitive auditing of forms by staff. Electronic filing would provide almost immediate access to information to all Commission customers. This goal was not met due to budget cuts. Although electronic filing will remain a goal, staff is not optimistic that it is goal that will be quickly met.

The Commission partnered with the Council on Governmental Ethics Laws (COGEL) to correspond with all members in the United States to determine what agencies perform similar tasks. The information provided has been useful in bench marking the Commission's performance against other similarly situated agencies. Of the responding agencies, no other state agency performs the same functions. To follow is a review of the previous seven years of Commission activity. The one significant trend is the increase in the number of complaints received which is directly related to staff's goal of reducing the backlog on non-compliance matters.

***Performance levels and trends to accomplish mission:***

**(1) Lobbyist Registration and Disclosure**

The State Ethics Commission utilizes registration fees obtained from lobbyists and lobbyists' principals to administer this requirement. In FY2002, the State Ethics Commission received \$68,250.00 from these registration fees. The decrease in fees of \$1400 for FY 2001 directly corresponds to the decrease in the number of registered Lobbyists and Lobbyist's Principals.

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 April 10, October 10, and December 31. Registrations and reports are audited and made available for public inspection. Registration and disclosure reports totaled 4349 in FY2002, a decrease over FY2001. The Commission has very little control over these figures as they are dependent on legislative issues.

### **(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, receiving compensation to influence official actions, and establish 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 of political subdivisions

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 FY2002, approximately 8,410 SEI's were processed. During FY2001, all special purpose districts were surveyed to ensure the proper public members and public employees were filing annual SEI's. This survey resulted in 67 public members and public employees of 12 special purpose districts being removed from the filing requirements. Staff stressed in training and correspondence with municipal, counties, school districts and other public entities who under §8-13-1100, is required to annually file SEI's.

#### **(4) Campaign Practices and Disclosure**

Candidates and committees are required to file disclosures 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 FY2002 approximately 3,963 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. The significant decrease in CD's from the previous fiscal year is not easily explained. The number of CD's received is the lowest received in four years. Staff continues to research the decrease but no conclusions have been drawn.

**LEVELS OF PERFORMANCE-FY95 TO FY2001**

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
<b>COMPLAINTS</b>								
Filed	15	18	37	49	54	107	144	124
Final Disposition	29	15	18	35	51	108	150	136
On Hand	15	17	33	47	50	45	39	27
<b>ADVISORY OPINIONS</b>								
Formal	15	6	6	13	7	11	6	12
Informal	172	240	296	292	128	117	105	121
<b>FORMS</b>								
Statement of Economic Interests	10,497	9,176	9,056	9,193	8,378	9,588	8683	8,410
Campaign Disclosure Form	5,263	3,659	4,308	4,111	4,431	4,170	5169	3,963
Lobbyist/ Lobbyist's Principal Registration & Reports	3,598	3,797	4,137	4,191	5,856	4,717	4786	4,349
<b>TRAINING SESSIONS</b>								
Conducted	13	32	34	33	24	24	26	17
Participants	683	1,522	1,452	1,515	904	1,398	1,600	954

*Performance levels and trends of employee satisfaction:*

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 of supplier performance:*

Not applicable.

*Performance levels and trends of regulatory/legal compliance and citizenship:*

Not applicable.

*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. Due to budget constraints, the Commission's newsletter is now only provided online. 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.

*INDEX OF CHARTS AND TABLES\**

Accountability Report Appropriations/Expenditures Chart ..... 7

Organizational Chart ..... 9

Advisory Opinion Chart ..... 20

Complaint Chart ..... 22

Levels of Performance(%Change) ..... 24

Levels of Performance-FY95 to FY2002 ..... 30

\*If a chart or table does not appear, please refer to the Commission's hard copy.