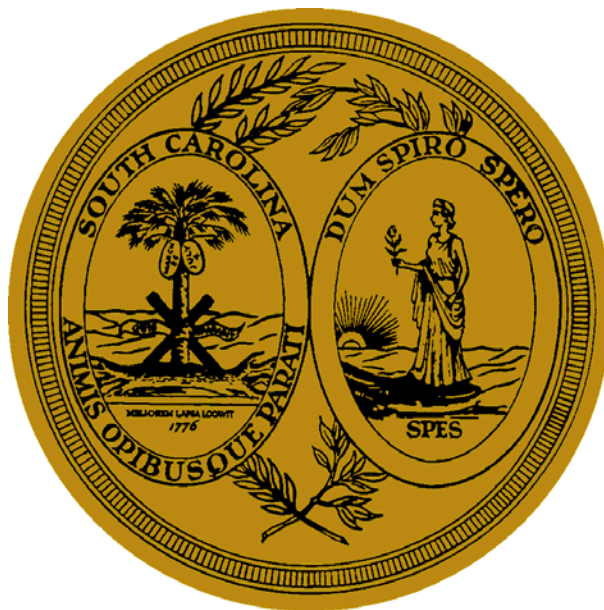


**STATE OF SOUTH CAROLINA
OFFICE OF THE COMPTROLLER GENERAL**



**ANNUAL ACCOUNTABILITY REPORT
Fiscal Year 2001-2002**

LETTER OF TRANSMITTAL

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

Dear Ms. Amos:

I am pleased to submit the Comptroller General's Office Annual Accountability Report for Fiscal Year 2001-2002.

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

A pre-audit of all disbursements is conducted by the Comptroller General's Office to ensure compliance with the Annual Appropriation Act as passed by the General Assembly. The Comptroller General's Office has custody of all documents of record relating to financial transactions and maintains accounting controls on all state government funds. In this regard, the agency issues accounting policy directives to state agencies. This office is also responsible for supervising the collection of all property taxes; assisting all county auditors, treasurers and tax collectors to reimburse counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, and State Residential Property Tax Programs.

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

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

Respectfully Submitted,

JAMES A. LANDER

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SECTION I - EXECUTIVE SUMMARY

1. Mission and Values

The Comptroller General's Office provides for centralized accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP). This office also supervises the collection of all property taxes; assists county auditors, treasurers, and tax collectors; and reimburses counties for homestead exemption, merchants' inventory, property tax relief and manufacturing reimbursement programs.

The agency's core values are:

Integrity

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

Teamwork

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

Excellence

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

Innovation

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

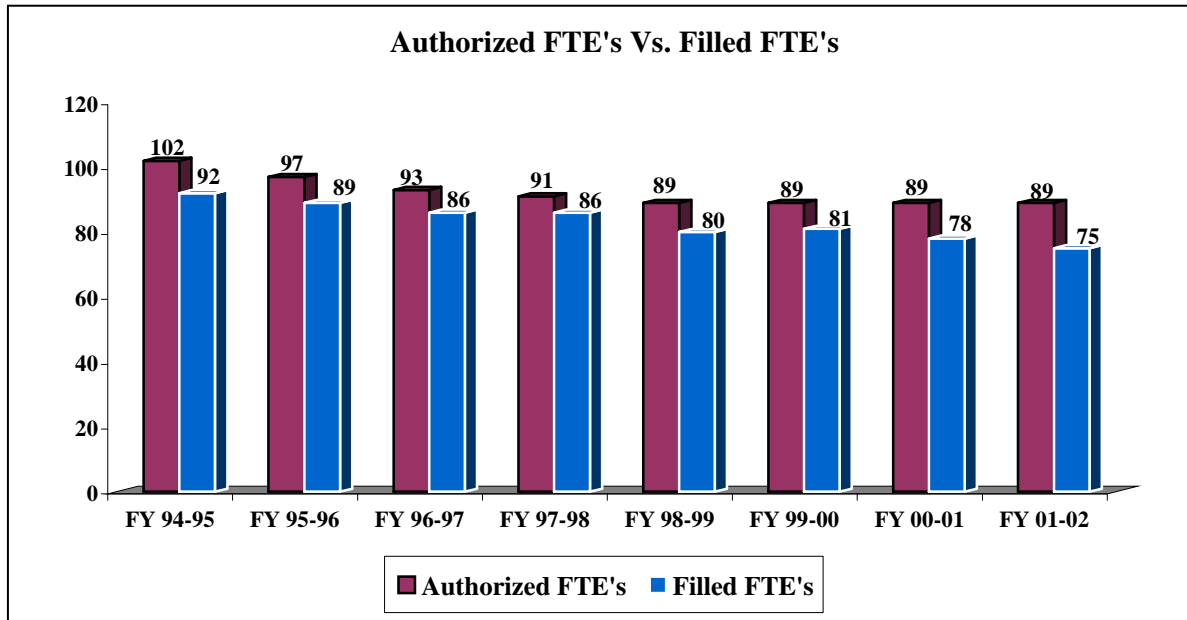
2. Key Strategic Goals for FY 2001-2002 and Future

- Issue a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002 that complies with the standards of the Government Finance Officers Association of the United States and Canada's Certificate of Achievement program.
- Implement GASB Statement Nos. 34 and 35, a new financial reporting model that all governments must adopt if they wish to maintain clean audit opinions.
- Implement a pilot Document Management System. This system, which takes advantage of digital imaging technology, is essential to improve both agency and statewide efficiencies.

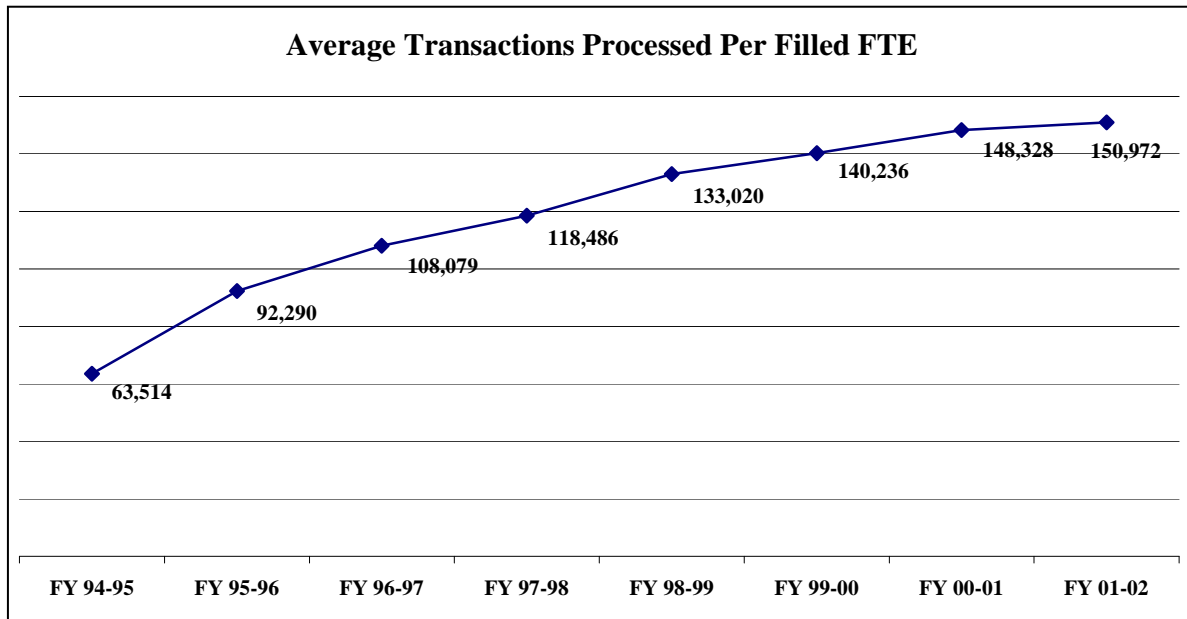
- Continue development of the South Carolina Enterprise Information System. This system will provide a comprehensive platform for managing the state's finances.

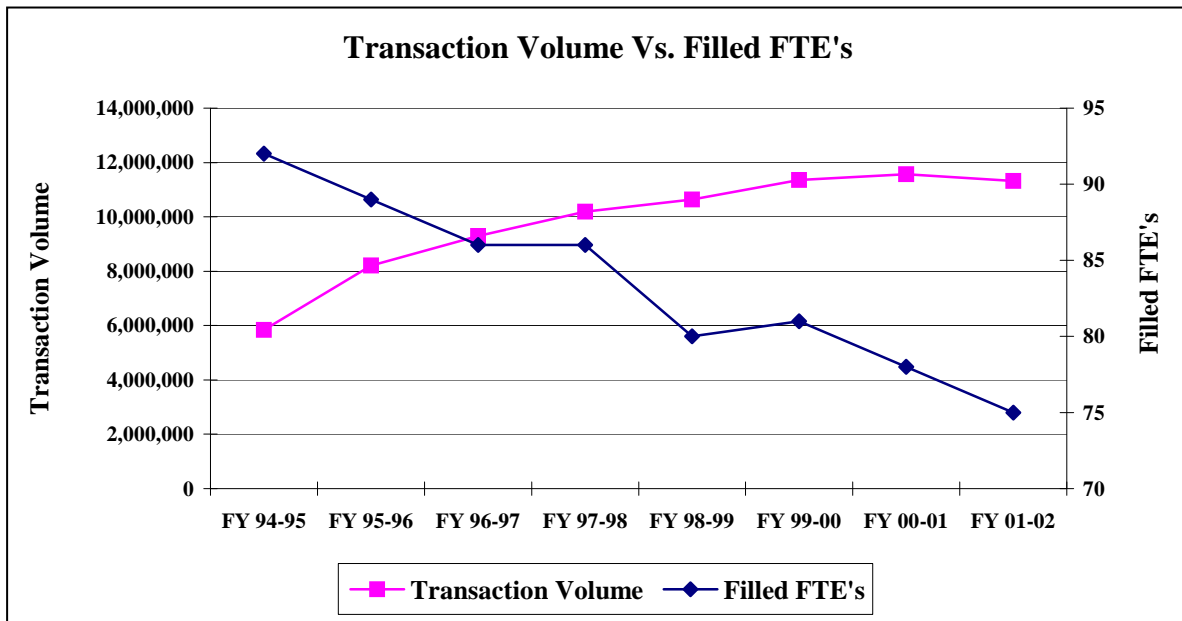
3. Opportunities and Barriers

From fiscal year 1995 to fiscal year 2002, our authorized FTE's have reduced by 13 percent while our filled positions have decreased by 18 percent. As of June 30, 2002 we have 75 filled FTE's.



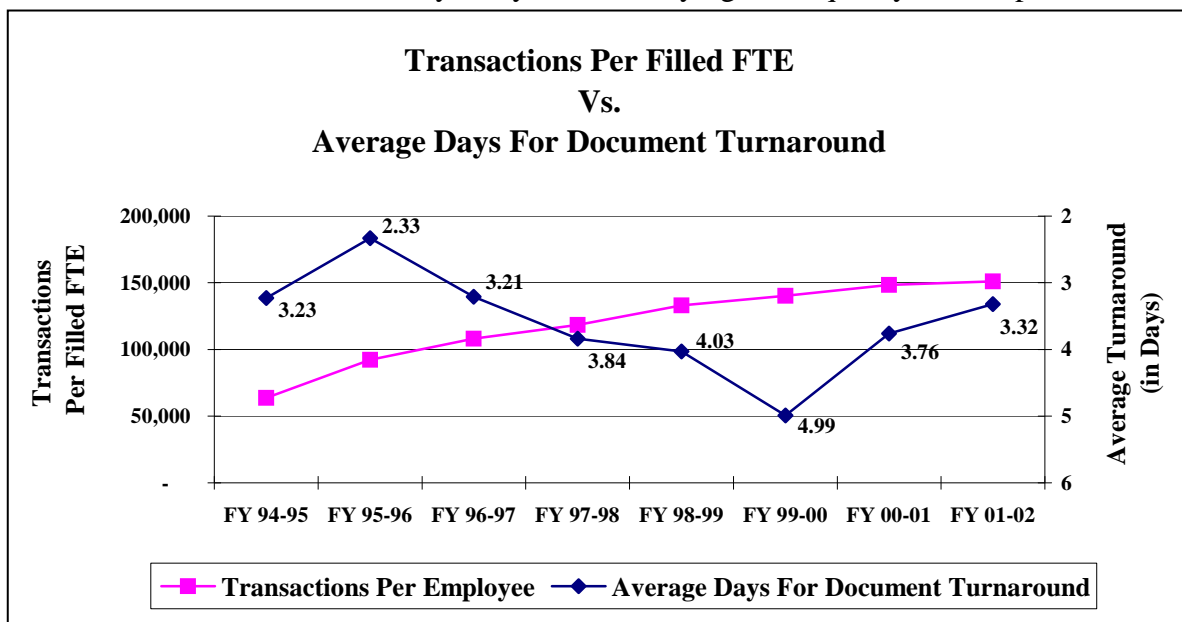
Conversely, during the same period average financial transactions (e.g. Statewide Accounting and Reporting System, payroll, local government) processed per filled FTE increased by 133 percent.





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

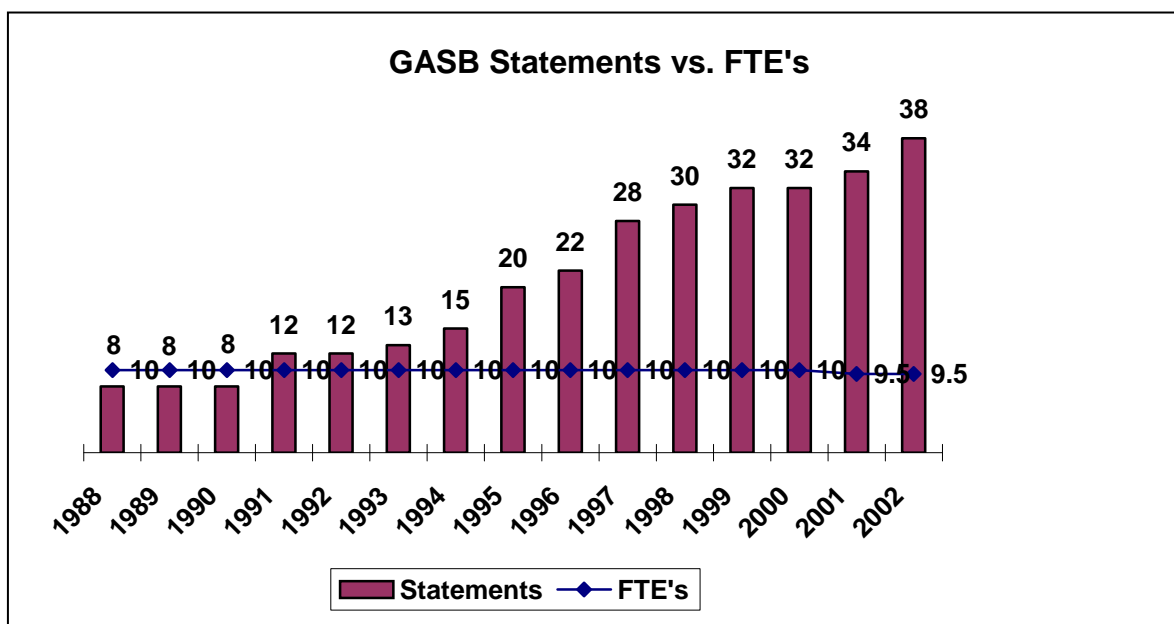
Over the years as FTE's decreased and volume increased our average turnaround time slowed to an average of 4.99 days during fiscal year 1999-2000. Since then we have improved the turnaround time to a current 3.32 days only after modifying some quality control procedures.



To assist in meeting service delivery requirements, the agency has increased the number of student interns employed. The interns are assigned functions commensurate with their skill level, allowing experienced employees to focus on more complex issues. Hopefully, the work experience will encourage the student to choose this agency, or state government, as a career choice in the future.

The use of student interns, however, does not fully solve the problem. Customer expectations, such as issuing a Comprehensive Annual Financial Report (CAFR), require the agency to have an experienced, well-trained accounting staff. Unfortunately, recruiting and retaining professionals in accounting and fiscal analyst positions is a difficult challenge for our agency. Candidates for these positions must possess a baccalaureate degree that includes 150 college credit hours, preferably with a concentration in accounting, and the candidate must meet the Board of Accountancy's requirements to sit for the Certified Public Accountant's exam. Private CPA firms aggressively recruit candidates with these credentials and experience and offer a higher salary than state government. Budget reductions have severely restricted the agency's ability to offer competitive salaries, both within and outside state government.

The problem of recruiting and retaining skilled accountants is compounded by the increasing requirements for successfully issuing a CAFR. For example, in fiscal year 1987-1988, governments were required to comply with GASB Statement Nos. 1 through 8. During fiscal year 2001-2002, South Carolina implemented the procedures necessary to comply with 38 GASB Statements. Additional GASB Statements are expected to be issued within the next few years. While the requirements for earning the Certificate of Achievement for the CAFR have increased, the number of staff accountants assigned to this process has decreased. If continued, this trend will significantly impair the agency's ability to meet the requirements to successfully issue a CAFR. Bond rating services have not awarded AAA credit ratings to states that do not issue CAFR's.



Furthermore, the increasing complexity of accounting issues dictates that more time be spent on processes such as research, providing technical assistance, and responding to customer demands. For example, we frequently receive freedom of information requests. The majority of these requests are on behalf of members of the General Assembly. Because these requests now consume a material portion of staff time, we began tracking the labor and computer costs associated with providing the requested information. The approximate cost of providing information to customers from October 2001 through June 30, 2002 was \$15,600.

If we are to continue providing quality service and meet stakeholder needs, it is essential that our human resources be better aligned with customer demands.

4. Major achievements for the fiscal year

- Conducted customer satisfaction surveys and compared to the American Customer Satisfaction Index, a nationally recognized index that provides industry specific measures of customer satisfaction. See page 19.
- Continued working toward our long-range goal of implementing a statewide enterprise information system that will provide a comprehensive statewide platform for managing the state's finances. See page 18.
- Met all payroll requirements. The statewide payroll was paid on the dates mandated by state law 100% of the time. Also, payroll withholdings were deposited within required time frames and accurate financial information was submitted on time to the Internal Revenue Service and other agencies 100% of the time. By meeting these requirements the agency avoided a minimum of \$8.4 million in federal tax deposit penalties. See page 23.
- Issued a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001 that complies with the standards of the Government Finance Officers Association of the United States and Canada's Certificate of Achievement program. See page 28.
- Received the State Library's "Notable Document Award" for the Comprehensive Annual Financial Report.
- Received an Award of Excellence and an Innovation Award from South Carolina Department of Archives and History for the "diligence and hard work that have gone into the development of the Comptroller General's records management program and for innovation in cost efficient Internet reporting and distribution of financial data".
- Continued working towards implementation of GASB Statement 34. Provided extensive training about the new governmental financial reporting model to state agency accountants.

SECTION II - BUSINESS OVERVIEW

1. Number of Employees

During fiscal year 2001-2002 the Comptroller General's Office had a total of 89 authorized FTE's. 75 of the 89 authorized FTE's were filled and 14 were vacant. Our permanent workforce has been supplemented by the use of student interns.

2. Operation Location

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

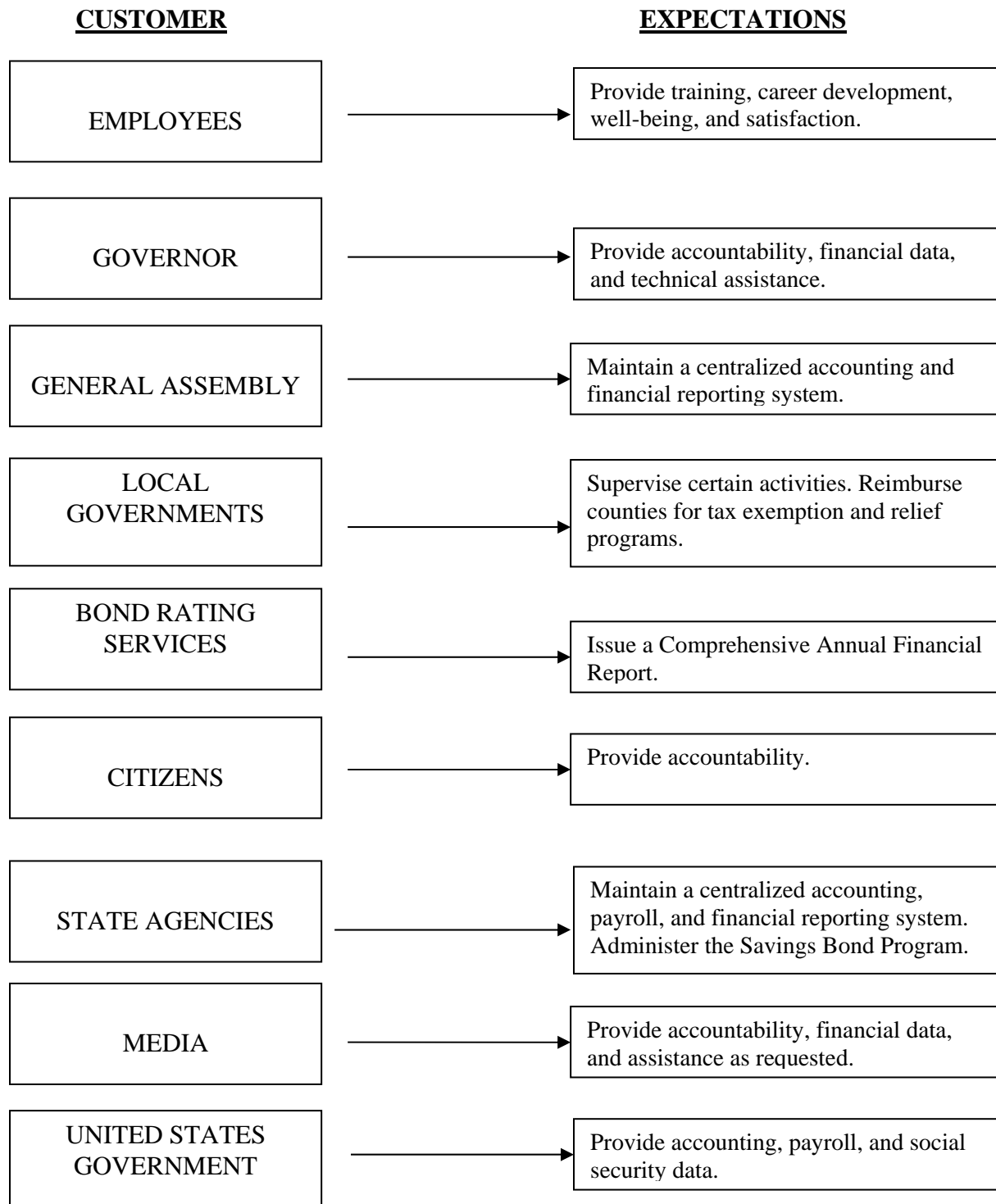
3. Base Budget Expenditures and Appropriations

	00-01 Actual Expenditures		01-02 Actual Expenditures		02-03 Appropriations Act	
Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$3,809,862	\$3,809,862	\$3,806,068	\$3,806,068	\$3,694,453	\$3,694,453
Other Operating	\$703,942	\$703,942	\$54,658	\$54,658	\$54,866	\$54,866
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$911,840	\$911,840	\$951,857	\$951,857	\$960,427	\$960,427
Non-recurring						
Total	\$5,425,644	\$5,425,644	\$4,812,313	\$4,812,313	\$4,709,746	\$4,709,746

Other Expenditures

Sources of Funds	00-01 Actual Expenditures	01-02 Actual Expenditures
Supplemental Bills	\$503,255	\$482,117
Capital Reserve Funds	\$ 335	\$815,030
Bonds		

4. Key Customers And Their Key Expectations



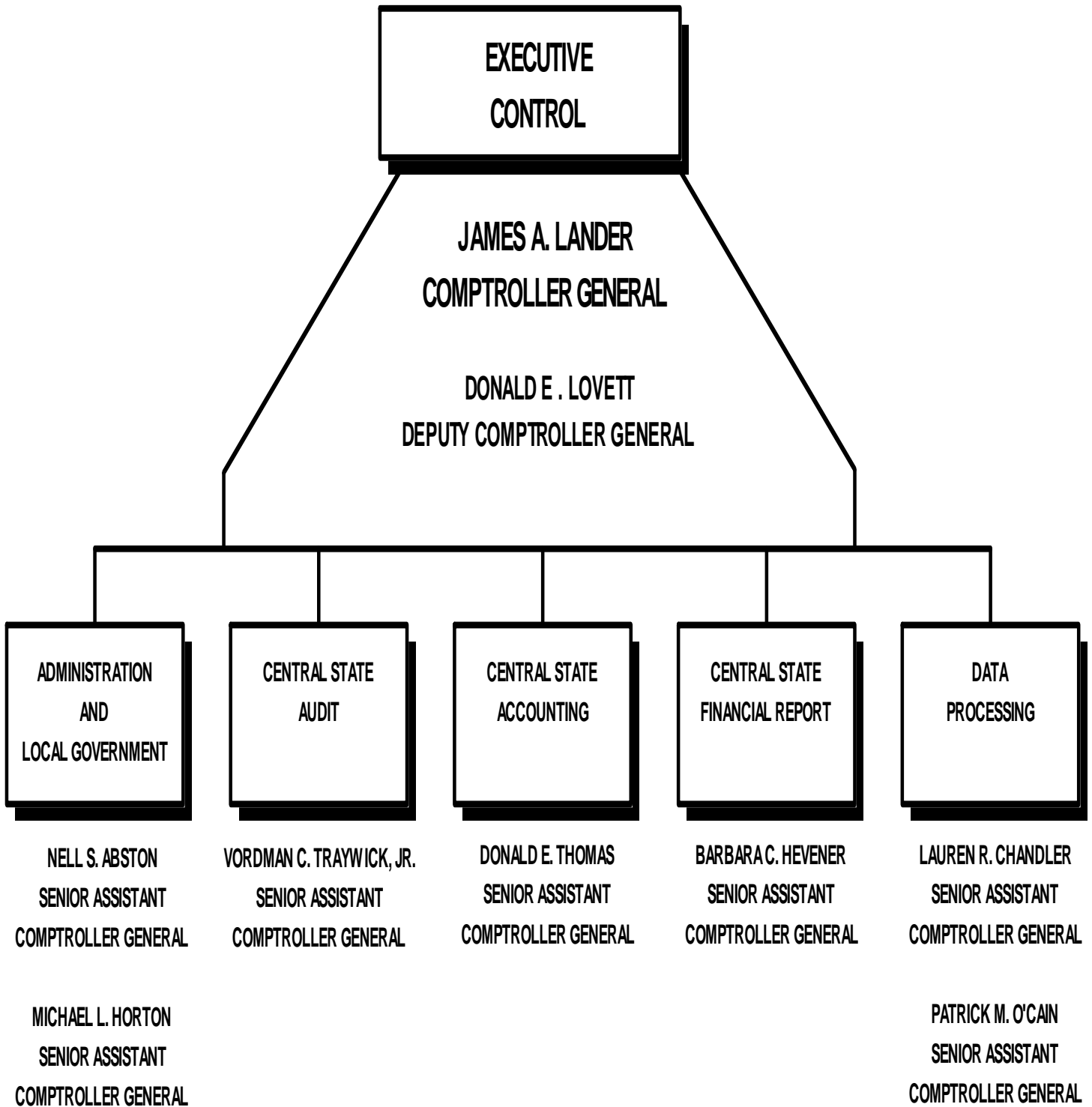
5. Key Suppliers

The agency has numerous suppliers. All state agencies, including universities, local governments, and independent audit firms provide financial data to this office. The accuracy and timeliness of financial data submitted by the suppliers are essential to our service delivery quality. We, therefore, work closely with our suppliers to insure their performance level is aligned with our requirements. For example, we provide formal training sessions, conduct informal one-on-one training as needed, provide technical assistance, conduct workshops, participate in focus groups, serve on advisory boards, participate in seminars, and solicit comments from suppliers. Also, for the third consecutive year, the Comptroller General's Office hosted a national satellite teleconference on GASB Statement 34. This was the only teleconference location in South Carolina and exposed our suppliers to insights from persons that wrote the GASB 34 requirements.

6. Description of Major Products and Services

The Comptroller General's Office was created in 1800 as "Paymaster" to supervise the expenditure of all state funds. All payrolls for state employees, vouchers for bills owed by the state and interdepartmental payments between state agencies are submitted to the Comptroller General. These payments are scrutinized to insure they are proper and that funds are available to cover the expense. Upon approval, a warrant is issued authorizing the State Treasurer to make the payment. The office maintains accounting controls for all state agencies and all funds in the state budget. The Comptroller General issues the state's Comprehensive Annual Financial Report, which is used by national firms to determine the state's bond rating for borrowing. The office also supervises the collection of property taxes, administers the Homestead Exemption Program for senior citizens and the disabled, the Property Tax Relief Program, the Manufacturers' Depreciation Fund, and the Merchants' Inventory Exemption Program. The Comptroller General is also a voting member of the State Budget and Control Board.

**COMPTROLLER GENERAL'S OFFICE
ORGANIZATIONAL STRUCTURE**



SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

CATEGORY 1 - LEADERSHIP

The comptroller general is a statewide elected position. On January 13, 1999, James Albert Lander became South Carolina's 40th comptroller general. The comptroller general, deputy comptroller general, and division directors comprise the agency's senior management team. Senior management develops the strategic plan and sets the agency's vision. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating services, Government Finance Officer's Association of the United States and Canada, and the Internal Revenue Service to determine the performance expectations. These expectations significantly influence the agency's short and long-term direction.

Senior management communicates direction, performance expectations, and organizational values in various ways. Examples are the strategic plan, Employee Performance Management System, correspondence, and staff meetings. Expected ethical behavior is communicated to employees through training sessions, employee evaluations, and staff meetings. Senior management emphasizes service delivery and customer focus.

Senior managers meet weekly to measure the progress on meeting service requirements. Some key performance measures regularly reviewed by senior leaders are: customer satisfaction level, cost savings, cycle time, and compliance with mandates.

Senior managers conduct an annual *Employee Satisfaction Survey*. They review the survey results and hold brainstorming sessions to identify ways to continue to strengthen employee satisfaction. Each division director discusses the survey comments with staff members. Additionally, the survey results are posted in each division.

The agency encourages and supports senior managers participation in professional organizations whose activities are closely aligned with our mission and goals. Our senior managers routinely participate in forums, conduct workshops, and serve on advisory committees. This involvement provides learning opportunities for senior management and enables us to receive feedback from our customers and stakeholders. The agency also encourages staff involvement in community activities. Senior managers, as well as staff members, participate in community activities such as the United Way, Good Health Appeal, blood drives, and the Salvation Army Red Kettle Program.

CATEGORY 2 - STRATEGIC PLANNING

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

determines: what needs to be done, the expected completion time, and the estimated people hours required. Senior managers then prioritize tasks and establish work schedules. Senior management meets weekly to measure agency progress.

STRATEGIC DIRECTION: Continue to implement quality processes

- Strategy 1:** Utilize the Malcolm Baldrige Criteria for Performance Excellence to enhance agency processes and efficiency.
- Strategy 2:** Continue to improve the strategic planning process and enhance methods to measure our success in following the strategies specified in the plan.
- Strategy 3:** Measure the level of customer satisfaction. This data will assist in ensuring that we continue to improve on satisfying our customers.
- Strategy 4:** Continue to develop performance measures that enable us to assess our progress in achieving goals and demonstrate to our stakeholders what is being accomplished with dollars invested in this agency.
- Strategy 5:** Identify comparable benchmarks to use as measurement tools.

STRATEGIC DIRECTION: Enhance service delivery through technology

- Strategy 1:** Utilize technology whenever possible to maximize agency efficiency and minimize operating costs. Emphasis is placed on keeping current on technological trends and seeking ways to automate work processes.
- Strategy 2:** Install an electronic imaging system that, when fully implemented, will position the Comptroller General's Office to take advantage of the efficiencies available in a "paperless" environment and to provide an electronic portal for agencies possessing the same capability.
- Strategy 3:** Continue to increase the quality and quantity of services available to our customers via the Internet. The long-range plans in this area are to provide a platform for the customer to electronically transact their business with the Comptroller General's Office.
- Strategy 4:** Participate in and encourage development of a statewide enterprise resource planning system. The comptroller general views this as an opportunity to move toward a complete enterprise solution for managing the state's finances.
- Strategy 5:** Continue to monitor and identify processes within the Comptroller General's Office that can be expanded, changed or eliminated through the application of information technology to provide better service to our customers.

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

- Strategy 1:** Continue the contractual arrangement with the international accounting/consulting firm of KPMG to assist in implementing GASB 34.
- Strategy 2:** Continue using the advisory group, composed of representatives from state agencies. Its primary purposes are to enhance communication with state agency stakeholders regarding GASB 34 matters and to provide feedback from such stakeholders.
- Strategy 3:** Conduct training programs for state agencies and institutions to help ensure their readiness for the new accounting and financial reporting requirements.
- Strategy 4:** Develop and implement procedures to monitor the progress of state agencies and the Comptroller General's Office in carrying out the implementation plan.
- Strategy 5:** Re-engineer the existing statewide financial reporting subsystem to accommodate the new requirements.

STRATEGIC DIRECTION: Enhance human resource development

- Strategy 1:** Provide the type of organizational structure that enhances our ability to attract and retain talented employees.
- Strategy 2:** Foster the type of environment that encourages and allows employees to perform to the best of their abilities.
- Strategy 3:** Provide employee training. Identify quality, inexpensive ways to increase the number of employees that receive training and the hours of job related training received by employees.
- Strategy 4:** Recognize employees for their achievements.

Senior management deploys the strategic plan to staff members. Senior managers of each division are responsible for insuring that agency resources are used efficiently and that the functions performed are aligned with the strategic direction. Performance measures emphasized include customer satisfaction, cycle time, cost savings/cost avoidance, and meeting goals.

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

CATEGORY 3 - CUSTOMER FOCUS

Customer focus and satisfaction is a core value of the Comptroller General's Office. The agency strives to continually improve the level of customer satisfaction primarily through exceptional service delivery. Customer focus is driven in part by state statutes, legislative mandates, federal regulations, bond rating services, and authoritative accounting organizations. The agency's customers and stakeholders are identified as part of the strategic planning process. Internal and external customers are also identified as part of the planning process. Because of the agency's role as a state financial office, the internal and external customers have a stake in the quality of our service delivery. Internal customers are defined as agency employees and the State Comptroller General. Customer satisfaction is measured through formal and informal processes. Our key customers and their expectations are listed on page six.

During the year, the agency conducted an *Employee Satisfaction Survey* and a *Customer Satisfaction Survey*. The *Employee Satisfaction Survey* is designed to elicit qualitative and quantitative information. Employees were asked to respond to statements in the categories shown in the *Employee Satisfaction Model*.

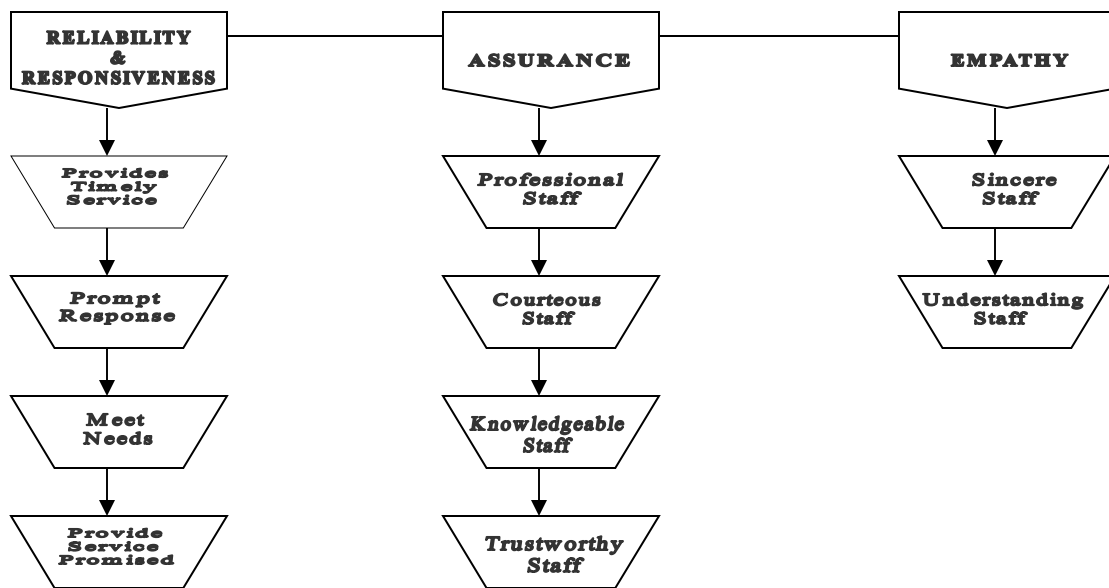
EMPLOYEE SATISFACTION MODEL



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

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

EXTERNAL CUSTOMER SATISFACTION MODEL



In addition to the surveys, we use various informal, non-measurable methods to assess customer satisfaction. For example, as a statewide elected official the comptroller general is frequently called on to address many citizens groups. He also meets with members of the General Assembly, the media, and bond rating services. The comptroller general uses these opportunities to communicate with our customers and stakeholders to receive feedback about the quality of services delivered by this office.

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

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

CATEGORY 4 - INFORMATION AND ANALYSIS

Most of the agency's service delivery requirements are mandated by the South Carolina General Assembly, Governmental Accounting Standards Board, and Federal Government. Accordingly, our measures are driven by the expectations of our customers and stakeholders. Some of these measures include: cycle time for pre-auditing disbursement requests submitted by state agencies and issuing a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles within the prescribed time frame. Other measures such as customer satisfaction level, cost savings through the procurement card program, cost savings or cost avoidance by making information available on the Internet in lieu of publishing depict internal management performance.

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

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

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

CATEGORY 5 - HUMAN RESOURCE FOCUS

Employee Well Being

The comptroller general promotes employee well being by maintaining an environment where there is open communication and mutual contribution toward achieving the goals of the office. Furthermore, the comptroller general encourages all employees to treat each other with respect and dignity. Also, the comptroller general conducts frequent "walk throughs" to have informal conversations with and receive feedback from employees. The comptroller general recognizes outstanding individual employee efforts with personal letters of appreciation and commendation. We continue to seek ways to recognize and reward employees for outstanding performance.

The agency promotes a safe environment. Senior managers are responsible for making certain that all safety requirements are met. Information on workplace safety is routinely distributed to

employees and posted on the agency bulletin boards. Also, each division has a first-aid kit that is easily accessible to employees. In case of fire, we have established procedures to insure that employees with physical impairments get out of the building safely.

The agency uses a suggestion box, weekly staff meetings, surveys, and exit interviews to determine trends within the workforce and the general level of employee satisfaction. The Employee Innovation System Committee encourages employees to make suggestions for improvement within the agency and state government. Health screenings are offered at minimal cost to employees. Variable work schedules enable employees to balance their personal and professional lives.

Social events such as periodic luncheons, a Christmas function, and picnics provide opportunities for agency employees to interact informally. Our employees are civic minded. They contribute to the Excess Leave Pool to help their colleagues, as well as support charities such as the United Way, American Red Cross, Good Health Appeal, and Families Helping Families.

Employee Development

The comptroller general recognizes that a well-trained, motivated workforce is essential to providing quality service. The Comptroller General's Office is a standard bearer for employee diversity. In fact, we are one of only thirteen state agencies exempted from affirmative action reporting. Also, no employee grievances were filed during the fiscal year.

Employee development is accomplished through the Employment Performance Management System (EPMS), on-the-job training, in-house training sessions, and external training. Employees receive a formal performance review no less than annually. Employees in probationary status receive a review within six-months. During the performance review managers are expected to provide positive feedback, make constructive comments when applicable, and discuss future expectations. Also, managers are encouraged to have informal review sessions with staff members periodically.

The training received by employees is aligned with our strategic plan and depends upon available resources. Emphasis is placed on insuring that persons performing the functions given top priority in our strategic plan receive the necessary training. The agency, however, continuously seeks ways to make certain that all employees receive the training that is essential to professional development and personal satisfaction. The agency also seeks ways to develop internal career advancement opportunities. We recognize that challenging work, professional development, and career advancement are key factors in the retention of skilled professionals. We also recognize that satisfied employees are our best recruiters for other skilled persons.

The agency's strategic plan is a driving force in determining human resource needs. Senior management meets regularly to discuss agency strategy and assess agency performance. Senior management is responsible for insuring that human resources are aligned with service requirements and expectations. Each manager is responsible for aligning required job functions with employee skill levels. All employees are encouraged to seek ways to automate and streamline work processes wherever possible.

CATEGORY 6 - PROCESS MANAGEMENT

The agency's process management is designed to meet the expectations of our customers and stakeholders. The agency, as much as possible, meets these needs through the integration of technology and innovation. Emphasis is placed on mandate compliance, cost savings, and process enhancement.

The agency's day to day processes are designed to insure that the key performance requirements are being met. Senior leaders communicate key performance requirements to staff members and constantly review the quality and timeliness of functions performed. Problems encountered are resolved as quickly as possible and resources are reallocated if needed.

The agency's key support processes include accounting, employee benefits, procurement, public and legislative relations, and information technology. The agency utilizes technology as much as possible to maximize efficiency and minimize operating costs. For example, the Data Processing Division meets weekly with senior persons from each division. These meetings provide managers an opportunity to discuss ongoing projects, plan for future projects, and allocate and prioritize the agency's information technology resources. Emphasis is placed on staying current on technological trends and identifying ways to automate work processes. Some examples of technology related processes during fiscal year 2002 are:

- **Document Management System**

In February 2002, the Comptroller General's Office implemented the pilot phase of an electronic document managing system. The electronic document management system positions the Comptroller General's Office to take advantage of the efficiencies available in a "paperless" environment and to provide an electronic portal for other state agencies possessing the same capability. Because of funding limitations, we began with three state agencies: the House of Representatives, the Senate, and the Department of Mental Health. As additional funds become available we will expand the imaging process to include additional agencies.

- **Internet Web Site**

During the fiscal year we continued to enhance our web site. Our Internet web site serves as an efficient communication and cost reduction tool. Messages from the comptroller general, a key dates reminder, and the status of major projects are examples of the type information communicated to stakeholders through the web site. Moreover, we have significantly reduced printing costs by putting many of the documents that we distribute to agencies on our web site and reducing or eliminating the paper versions. Examples of the documents available via our web site are: monthly revenue reports, policies and procedures manuals, press releases, the Comprehensive Annual Financial Report, GAAP Closing Packages Forms, STARS input forms, and payroll forms.

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

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

The agency manages and supports its key suppliers processes and performance by providing formal training sessions, conducting informal one-on-one training as needed, providing technical assistance, conducting workshops, participating in focus groups, serving on advisory boards, participating in seminars, and solicit comments. For example, the agency provided approximately 22 hours of formal classroom training on the new governmental financial reporting model to state agency accountants during the fiscal year. Also, for the third consecutive year, the Comptroller General's Office hosted a national satellite teleconference on GASB Statement 34. This was the only teleconference location in South Carolina and exposed our suppliers to insights from persons that wrote the GASB 34 requirements.

CATEGORY 7 - KEY BUSINESS RESULTS

Customer Focus Results

Goal:

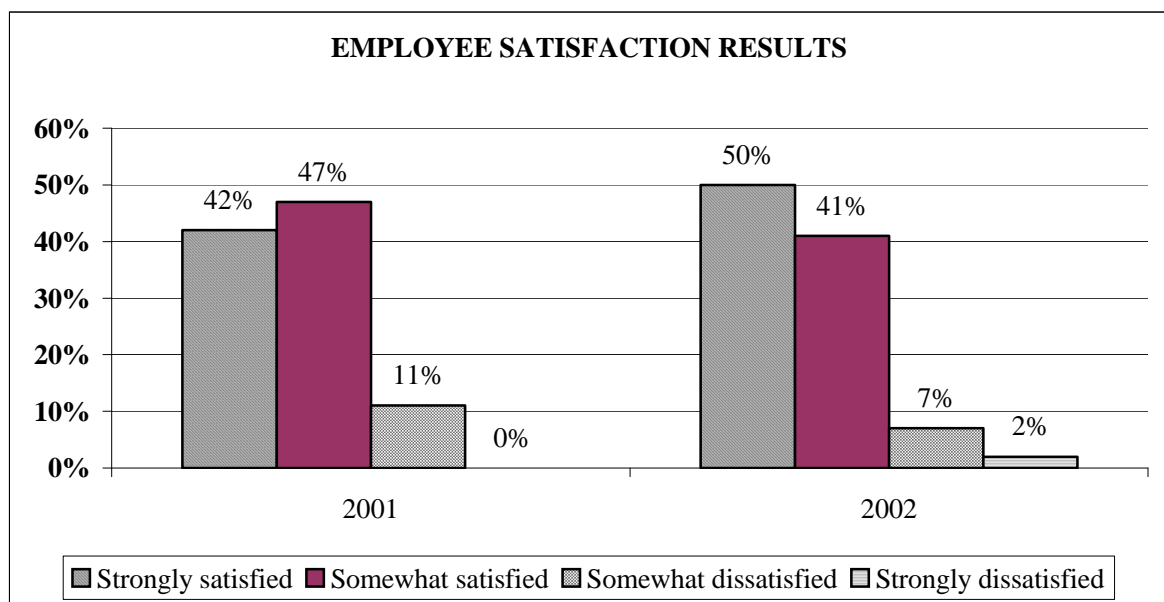
To maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.

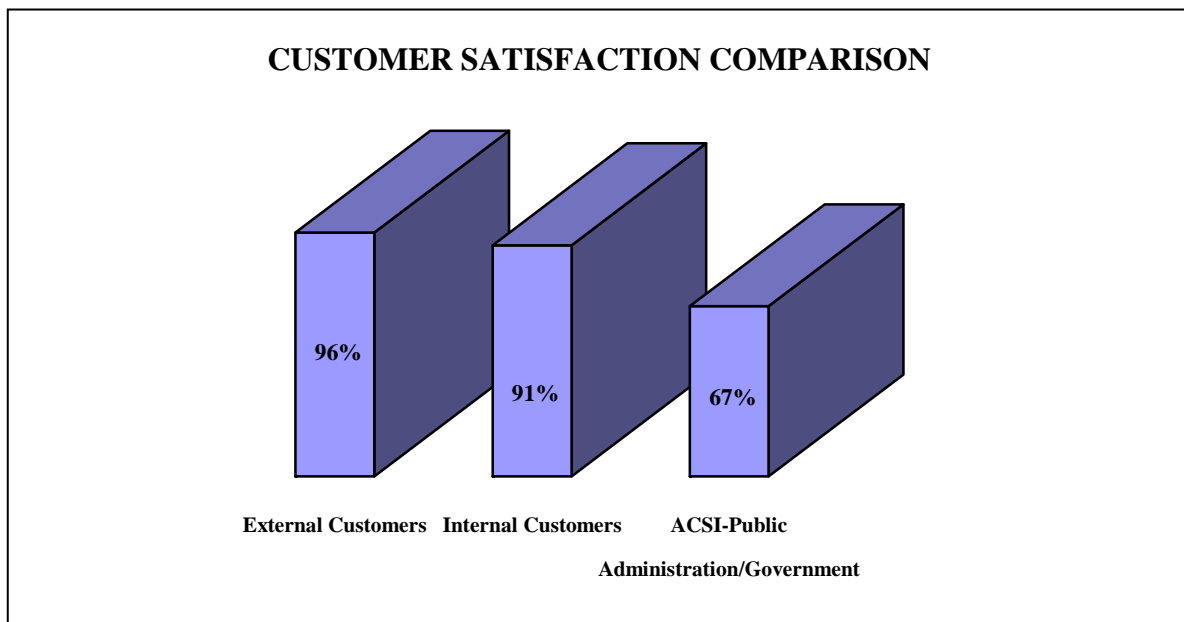
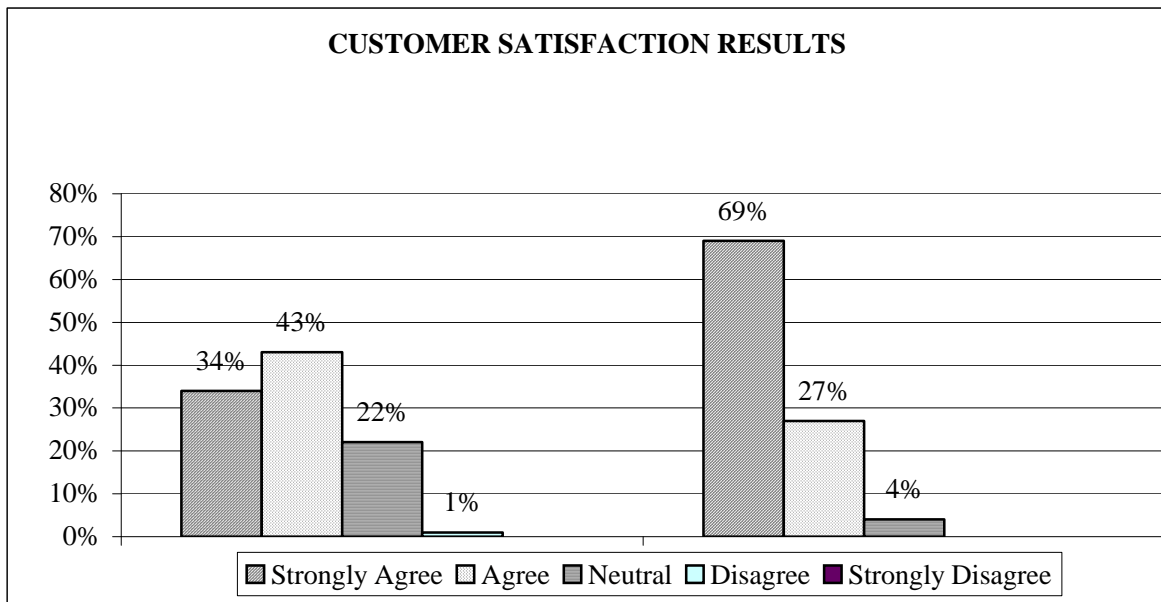
Objectives:

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

Key Results:

- Obtained a 91% internal customer satisfaction level (employees that indicate they are somewhat satisfied or strongly satisfied on the survey).
- Obtained a 96% external customer satisfaction level (customers that agree or strongly agree with the survey questions).





Benchmark: The American Customer Satisfaction Index which is produced annually by the American Society for Quality. The index is nationally recognized and provides industry specific measures of customer satisfaction. 2000 was the most recent score available for the Public Administration/Government sector.

Human Resource Focus Results

Goal:

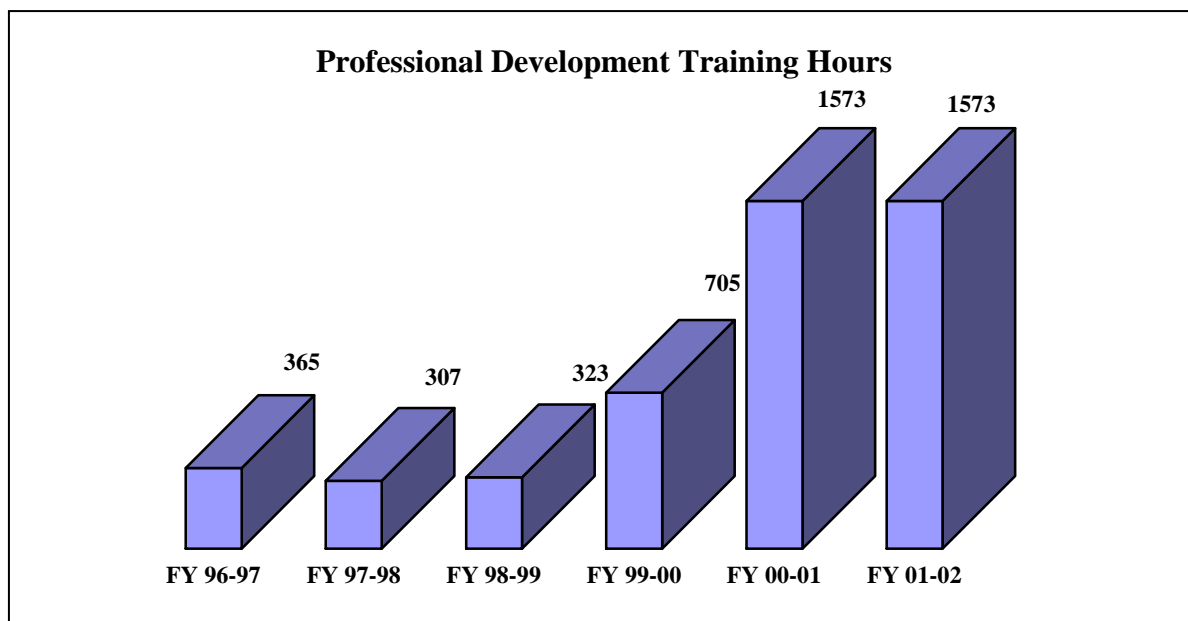
- Maintain a knowledgeable, well-trained workforce whose educational level and skills level are aligned with the agency's service delivery requirements.
- Ensure that human resources available and service delivery requirements are aligned.

Objectives:

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

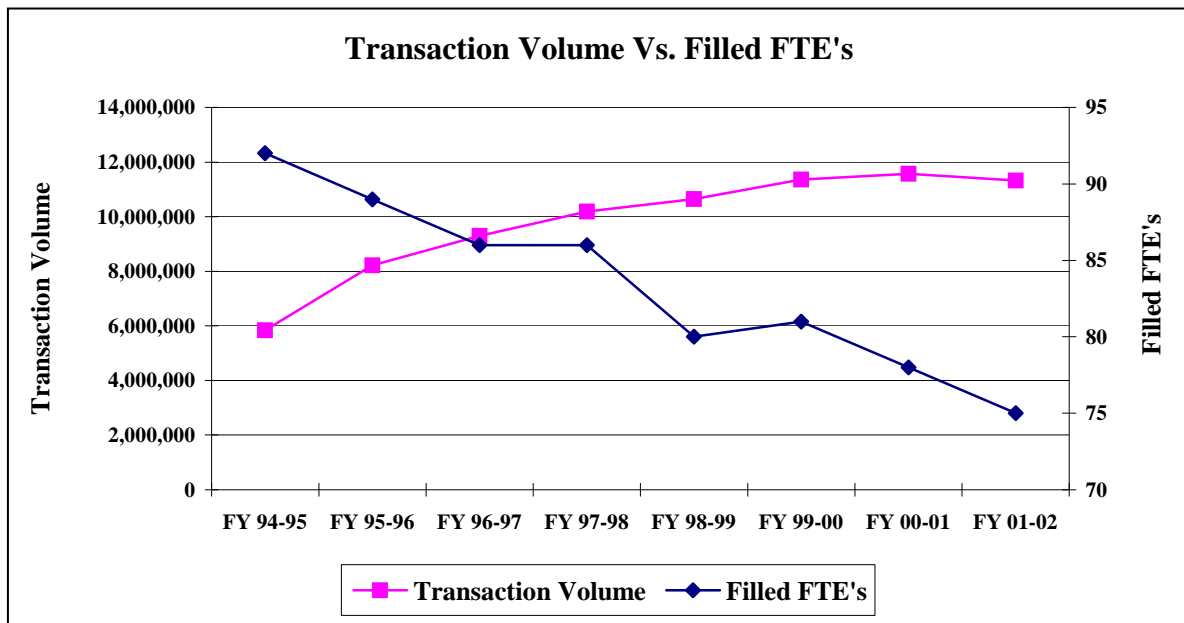
Key Results:

- Provided 1,573 hours of job-related professional development training for employees.

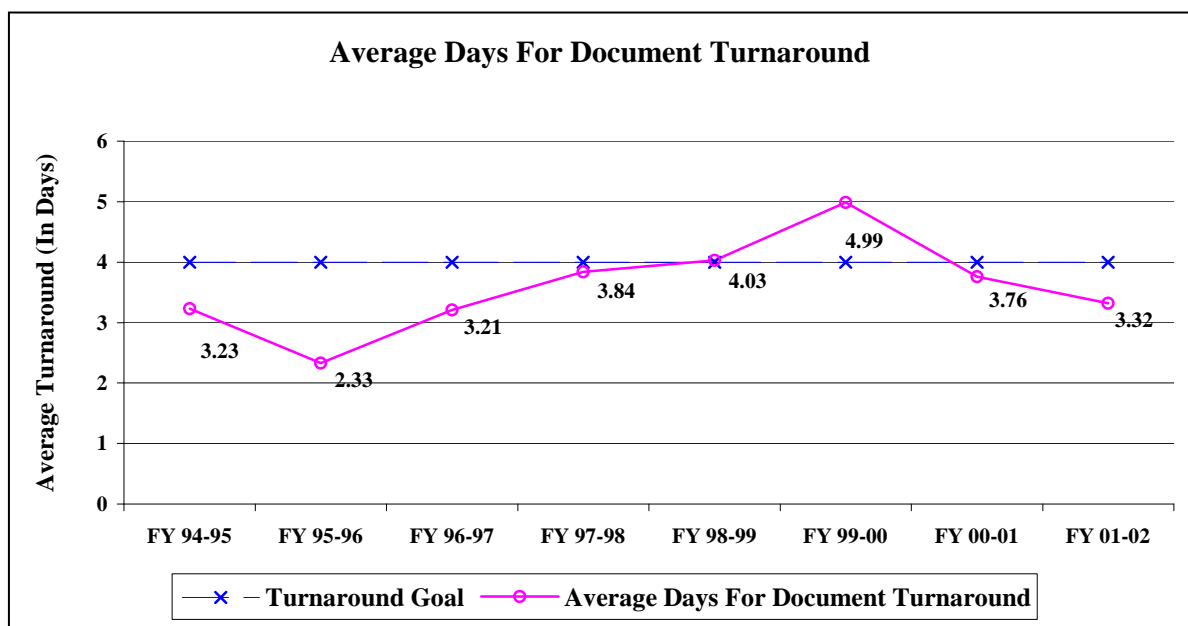


- Continued to meet minimal service delivery requirements even though our human resources are adversely aligned with service requirements.

Agency transaction volume has increased by 94 percent from fiscal year 1994-1995 to fiscal year 2001-2002 while filled FTE's have decreased by 18 percent during the same period.

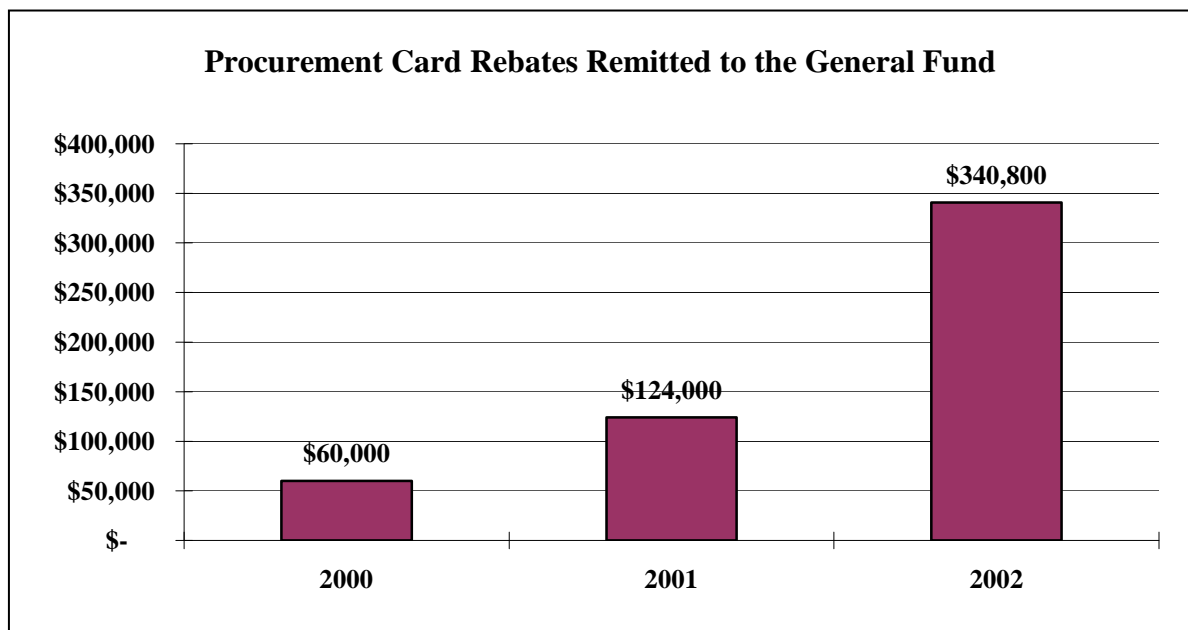


See the Opportunities and Barriers section on page two for further discussion on the impact of the agency's increasing workload and decreasing resources.

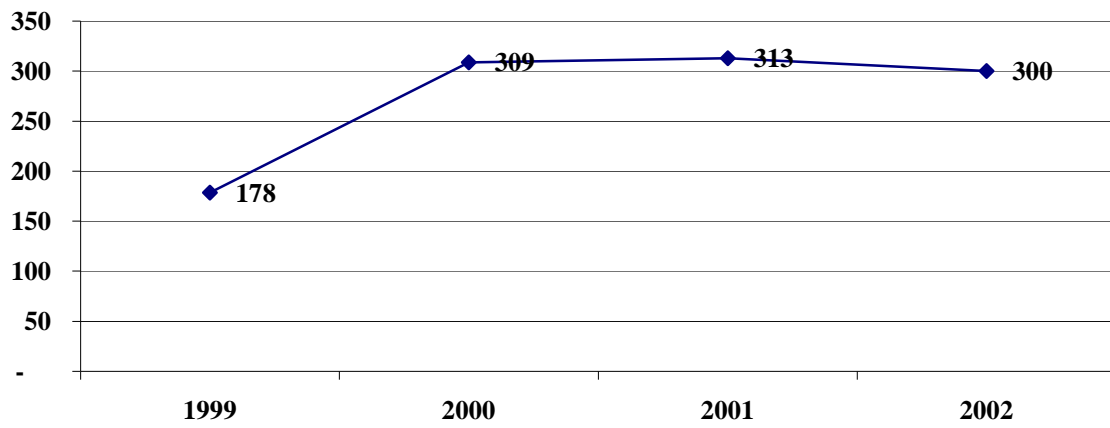


- Agencies use of the procurement card streamlines the procurement process. For example, during the fiscal year 162,098 procurement card transactions required only 540 vouchers to be processed for monthly procurement card statements.

The contract for the Procurement Card, which also includes higher education and local government entities, provides for a rebate to the state based on transaction volume and the number of cards issued. The rebate to the General Fund for fiscal year 2002 increased by approximately 175 percent.



Average Procurement Card Transactions Per Voucher Processed



PROGRAM: Central State Accounting Division

Goal:

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

Objectives:

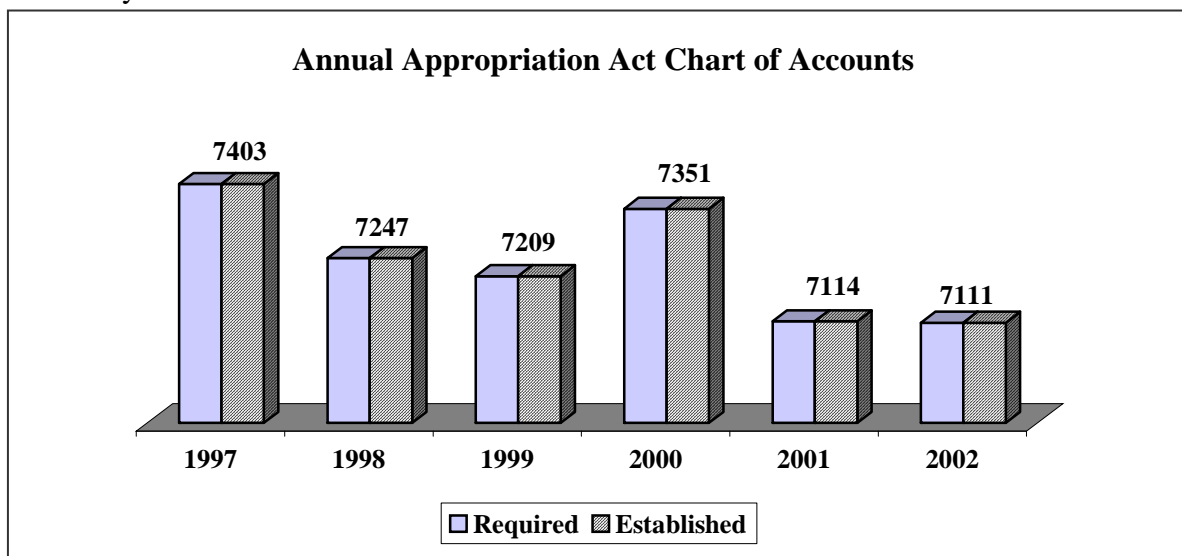
- Create a Chart of Accounts, prior to the beginning of the fiscal year, that includes all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.
- Realize cost savings by reducing the number of Statewide Accounting and Reporting System (STARS) policies and procedures annual updates distributed.

Key Results:

- Established a Chart of Accounts, prior to July 1, 2000, that included 100 percent of appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.

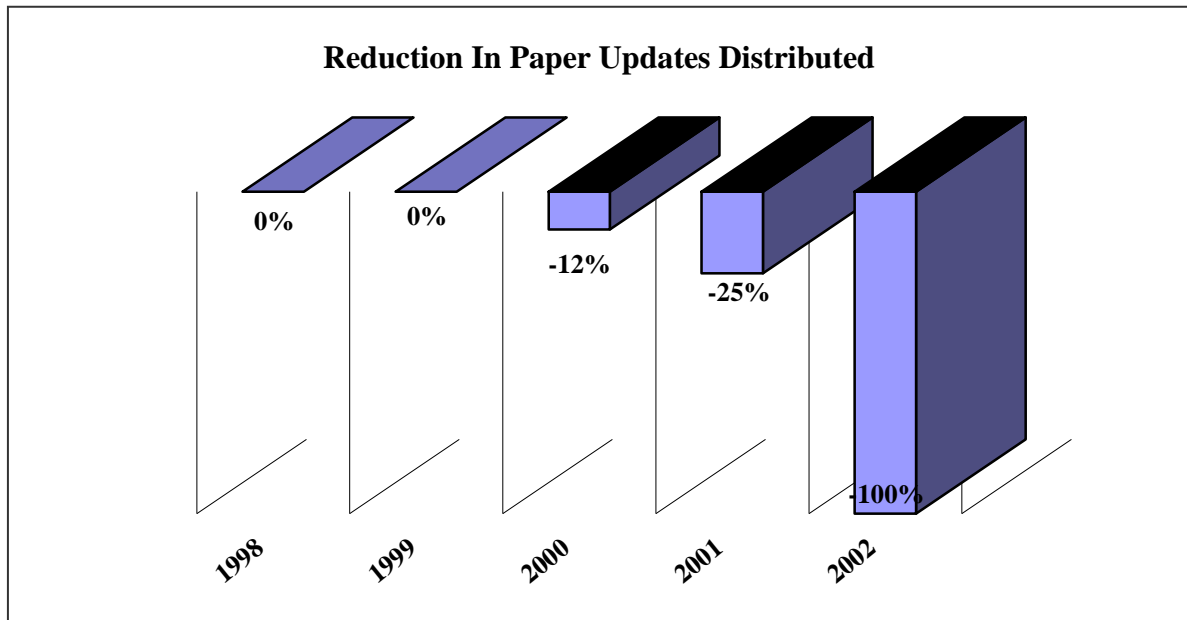
Goal: To establish 100 percent of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act passed by the South Carolina General Assembly.

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



- Reduced the number of Statewide Accounting and Reporting System (STARS) policies and procedures updates distributed by 100 percent. The STARS policies and procedures are available to users on our web site. Beginning in fiscal year 2003, we will update the online policies and procedures quarterly.

Goal: To realize cost savings through use of the Internet and automation.



Central State Financial Reporting Division

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

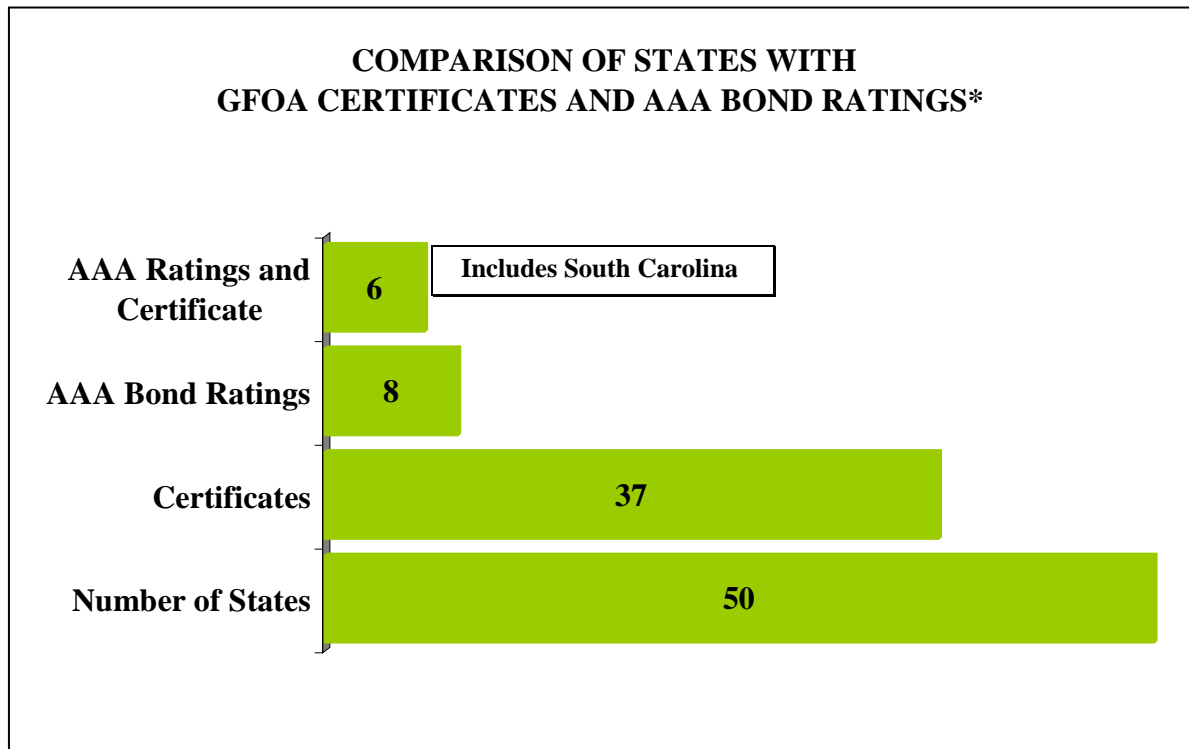
- Produce the State of South Carolina’s Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles, implementing all new accounting standards required by the Governmental Accounting Standards Board (GASB).
- Receive the Certificate of Achievement for Excellence in Financial Reporting, earning grades of “Acceptable” in 100 percent of the financial reporting areas noted within Program’s “Summary of Grading Results.”

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

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

- The Government Finance Officers Association awarded its Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina's Comprehensive Annual Financial Report (CAFR) for the fourteenth consecutive year. Reviewer grades were "acceptable" in all seventeen grading categories.

Benchmark: The Government Finance Officers Association of the United States and Canada (GFOA) is the premier association of public-sector finance professionals. GFOA's Certificate of Achievement for Excellence in Financial Reporting is awarded to a government unit for a one-year period if its comprehensive annual financial report (CAFR) meets the high standards of the GFOA's Certificate of Achievement program. Three or more reviewers grade multiple characteristics as either Acceptable or Unacceptable.



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

PROGRAM: Administration/Local Government Division

Goals:

- Provide administrative support functions in the areas of accounting, budgeting and finance, procurement, public and legislative relations, and employee benefits in compliance with all state and federal requirements.
- Maintain direct contact with the county auditors, treasurers and tax collectors and supervise the property tax collection process and reimbursement programs as mandated by the General Assembly.

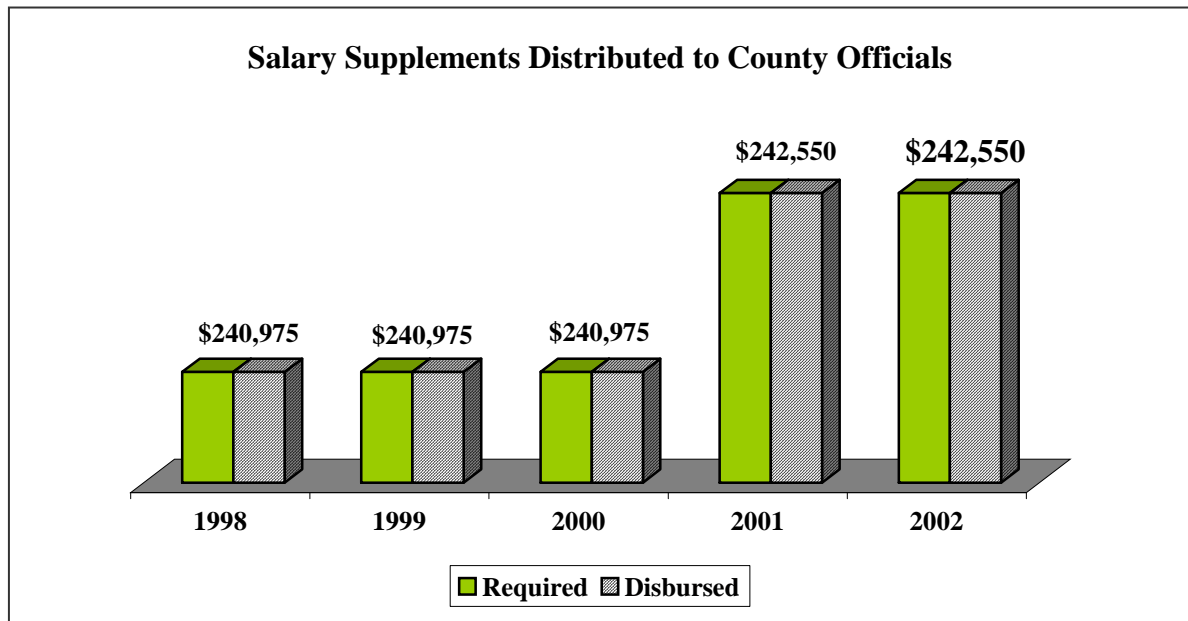
Objectives:

- Provide 76 office employees and 92 county auditors and treasurers with an efficient, user-friendly payroll and employee benefits system. Coordinate staff development and training. In accordance with the Appropriation Act, disburse salary supplements to county officials.
- Receive a clean audit in the areas of insurance, procurement, personnel and finance.
- Administer the state's U.S. Savings Bond Program through a statewide-automated purchasing system.
- Audit requests and disburse funds to counties in accordance with the General Appropriation Act for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, State Residential Property Tax, and Motor Vehicle Tax Reduction Programs.

Key Results:

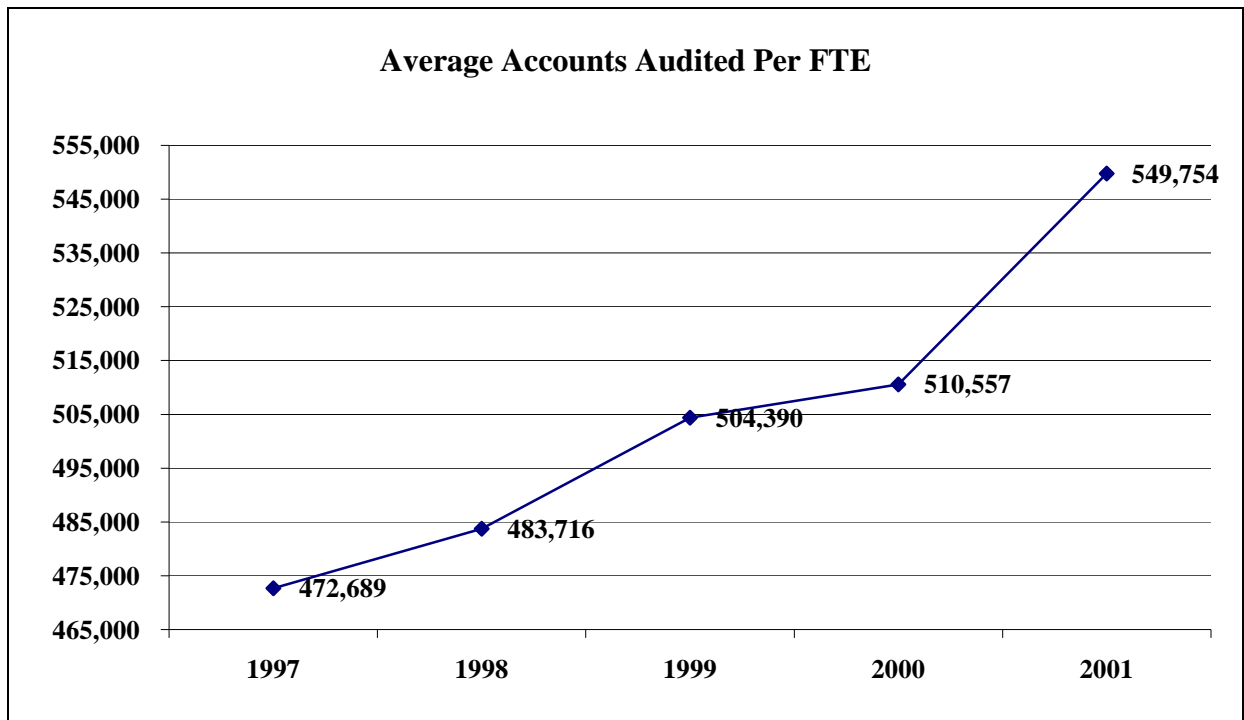
- Maintained and provided payroll and insurance benefits records for 76 employees and 92 county auditors and treasurers (100 percent of requirements). Provided information for all EPMS reviews, reclassifications and performance increases for covered positions.
- Received clean audits in the areas of insurance, procurement and personnel for the thirteenth consecutive year. Received unqualified opinions on the financial audits for twelve of the past thirteen years.
- Disbursed 100 percent of the required salary supplements to county officials.

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

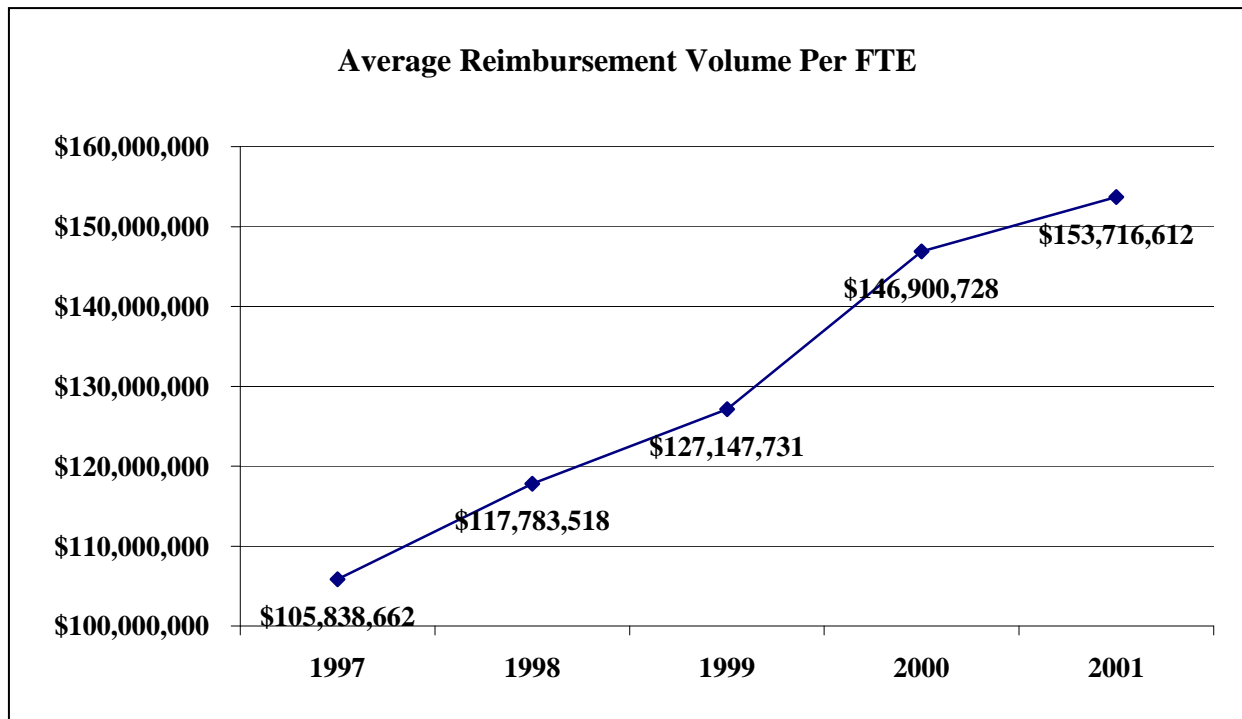


- Maintained employee payroll deduction files and purchased 14,485 U. S. Savings Bonds totaling \$897,020 from the Federal Reserve Bank. 100 percent of the bonds were purchased on time.
- Audited 100 percent of requests received from counties and disbursed funds to counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers Depreciation, State Residential Property Tax and Motor Vehicle Tax Reduction Programs.

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



Note: Years represent tax years. Calendar year 2001 is the most recently completed tax year.



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PROGRAM: Data Processing Division

Goals:

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

Objectives:

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

Key Results:

- Met with management of each program area within the agency on a weekly basis to discuss on going and potential new information technology needs. These meetings allow for feed back from each program concerning technology issues. They provide a forum for discussing and prioritizing any new development or maintenance projects.
- All requested development and maintenance was completed and met the needs of the divisions. Included in these projects was the production implementation of the changes required by GASB 34. Also a pilot project imaging STARS financial documents for the Department of Mental Health, the Senate and the House of Representatives was placed in production. This pilot project lays the foundation to expand the use of imaging technology in the future.
- The division is playing a direct role in the pilot implementation of the South Carolina Enterprise Information System at the Department of Mental Health and concurrently is

working on the Business Case Study project to help plan for further roll out of SCEIS to other state agencies.

- The agency's LAN and PC area has continued to expand to service all agency employees. The agency WEB site has also been enhanced to allow for more interactive use by agencies communicating with the Comptroller General's Office.
- A clean audit (no comments) was received as a result of the annual EDP audit performed as part of the statewide audit.
- The costs for all activities compared favorably to the estimated cost of contracting for these services from both the Budget and Control Board - Office of Information Resources and through private services available on the state's contract for IT personnel. The Comptroller General costs include all Personnel Services and Operating expenses for the Comptroller General's Data Processing Division Program as well as the associated fringe benefit costs. The estimate of the OIR costs are based on the rates as published by OIR. The State IT Contract costs are based on the rates published for the Contract for Temporary IT Personnel Contract.

