

**South Carolina
Department of Revenue**

**Annual Accountability
Report**

Fiscal Year 2005-2006

**Mark Sanford, Governor
Ray N. Stevens, Director**

Accountability Report Transmittal Form

Agency Name - South Carolina Department of Revenue

Date of Submission – September 15, 2006

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I. Executive Summary

II. Mission and Values: The mission of the Department of Revenue (DOR) is to administer the revenue and regulatory laws of this state in a manner deserving the highest degree of public confidence in our integrity, effectiveness and fairness. To accomplish this mission, the South Carolina Department of Revenue will:

- Administer revenue and regulatory laws in a fair and impartial manner;
- Collect the revenue due the state;
- Recommend improvements to the laws administered;
- Ensure a professionally-trained staff of employees;
- Continually improve the quality of services and products; and
- Provide guidance to foster compliance with revenue and regulatory laws.

The values of our department are: Customer Focus; Equal Treatment; Integrity; Accountability; Continuous Improvement; Informed Decision Making; Knowledge; Teamwork; Open Communication; and Recognition.

In concert with our mission, the Department of Revenue contributes approximately 95% or \$5.8 billion to the state's general fund. Total collections amount to \$8.1 billion (See Figure 7.1.1) through all of our collection and enforcement activities from the 32 taxes we administer and other collection activities for which we are responsible.

With approximately 94% of total collections coming through voluntary compliance, the remaining 6% is deemed to be enforced collections which account for over \$557 million to revenue collections. (See Figure 7.1.2)

The DOR plays a major role in the state budget process. The Director represents the DOR, in an ex-officio capacity, at meetings of the Board of Economic Advisors (BEA). The BEA is dependent on information provided by the Director in formulating budget estimates for purposes of developing guidelines for the General Assembly to establish the state budget.

Through the Director's leadership, DOR fulfills its legislatively mandated (§11-11-10) obligation to be represented at all meetings of legislative committees related to budget activities. The legislation reads "It shall call upon the State Department of Revenue for any information desired, and the State Department of Revenue shall furnish such information and shall be present at all hearings before the committees having charge of the appropriations in the Senate and House." The Director is often called upon to address meetings of these legislative committees in order to explain and help formulate budget policies as it relates to revenue collections.

Further, the DOR and its Director are instrumental in bringing new businesses and encouraging existing businesses to expand within South Carolina. Along with the South Carolina Department of Commerce (DOC), DOR is the other state agency that is primarily involved in enhancing economic development in this state. The DOR administers most of the tax credit programs in this state and therefore, is often required to be present at meetings and presentations when new businesses are considering locating in this state. The DOR is responsible for administering the jobs tax credit, the economic impact zone investment tax credit, the corporate moratorium, the special allocation and apportionment of income program, the fee-in-lieu of taxes program and the

license tax credit for utilities, among other credits and incentives. The Department, in cooperation with the Commerce Department, administers the job development credit (JDC) audit program. Utilizing two retired audit personnel, 98 audits were completed resulting in assessments of \$2,632,213 and collections of \$2,088,700, a 49% increase over last year.

The South Carolina Department of Revenue continues to be a leader in the percentage of returns received that are filed by electronic/non-paper methods. The latest available information from the Federation of Tax Administrators placed South Carolina tied for third with California. South Carolina's percentage of 69%, up from 52% last year, trailed only Montana (77%) and Iowa (72%). Of note is that electronic filing is not required in South Carolina, but is required in some other states for certain taxpayers. With that in mind, maintaining our position as leaders in this area is a substantial accomplishment. Promoting electronic filing has been a significant cost and time saver for the Department, the State, and the taxpayer. (See Figure 7.1.4 and 7.1.5).

Electronic collection processes also have allowed the agency to collect an average of 64.6% of tax dollars electronically. (See Figure 7.3.4 for the monthly totals).

12. Major Achievements from Past Year:

During FY 05–06, former Director Burnet R. Maybank, III resigned and Ray N. Stevens was appointed to the post beginning January, 2006. During this transition, the Department of Revenue also completed its final year of progress under its current strategic plan. As the strategic plan is the guiding document for the agency, the commitment of the new director was critical in developing the next iteration of the strategic plan and annual business plan. Director Stevens wholeheartedly embraced the strategic planning process and subsequent activity and communication to all employees of the new plan that takes effect July 1, 2006. The plan enables us to maintain focus on our major goals and objectives.

This year, we marked a major change in operations by moving our processing and file room personnel and functions from the Columbia Mills Building to Market Pointe. This required a suspension of those operations for the relocation of equipment, furniture and files. The physical move took place during early March, a peak time for individual income tax processing. Our annual customer satisfaction survey returned a 95.9 % satisfaction level for the amount of time it took to receive a state income tax refund check (Figure 7.2.4). This is a remarkable statistic in any year, but particularly significant under these circumstances.

A partnership between the Department of Revenue, Department of Transportation and some private sector businesses was created for the purpose of processing all motor fuel tax returns. The Motor Fuel Electronic Data Interchange (EDI) is saving time and money for the agencies, businesses and taxpayers.

South Carolina was one of two states receiving the Federation of Tax Administrator's (FTA) Certificate of Excellence Award for being the closest to achieving their 11 goals of being "Partner for the efficient and effective reporting and remittance of Motor Fuel taxes." One of our motor fuel auditors serves as the national chair of the FTA motor fuel tax section to oversee the program designed to help states coordinate their motor fuel tax collection efforts.

Key strategic objectives accomplishments (see section 2, strategic plan chart for the list of objectives for numeric references):

Nonfilers: Individual Nonfilers, The Filing Enforcement Section continues to issue notices based on taxpayers identified as non-filers by the Data Warehouse. Year-to-date, the section has issued 61,697 notices to possible non-filers. The net amount assessed for this past year is \$279.5 million with \$11,190,173.86 collected.

Use Tax Nonfilers, We continue to exchange information with the other Southeastern Association of Tax Administrators (SEATA) states on a monthly basis. Year-to-date collections total \$10,964 with 41 assessments issued. We are also continuing to identify possible use tax non-filers through the U.S. Customs project. Year-to-date we have issued 7 assessments and collected \$5,864. Our project of obtaining furniture delivery information from transportation companies in North Carolina continues. Year-to-date we have issued 1,385 assessments and collected \$694,991.

Nexus Discovery, The Nexus/Discovery section registered 261 taxpayers and collected \$11,315,135.14 this fiscal year. This collection total represents a new record for the Nexus/Discovery section. Nexus questionnaires were sent 796 to potential nexus cases.

Drive the state's one-stop registration project - South Carolina Business One Stop (SCBOS): Our enterprise initiative South Carolina Business One Stop (SCBOS), resulted in the following key statistics. Our partners in this project are the SC Secretary of State, Employment Security Commission, Department of Health and Environmental Control, and Department of Labor, Licensing, and Regulation and others:

- 92% participation from all US States for businesses primarily domiciled in those US States and trying to establish a business in South Carolina. There is similar participation among businesses domiciled in four non-US countries.
- Average of 751 visits to SCBOS website per day
- 52,342 - registered users
- 19,284 – licenses, permits and registrations approved
- 6,139 - businesses approved
- 846 existing businesses were added since January and this function went live
- \$73,445 in licenses, permits and registration payments

During the year the SCBOS Program received awards from the following:

- March 15, 2006, Federation of Tax Administrators (FTA) Annual National Taxpayer Service and Education award.
- March 22, 2006, The Ash Institute for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government Top 50 Government Innovations award for 2006.
- November 2005, *Network World* magazine 2005 Top 50 Enterprise All-Star award winner
- South Carolina chapter of Government Management Information Sciences (SC - GMIS) 2005 "Elite Achievers" Award

Develop a systematic stakeholder feedback system: In keeping with our focus on industry specific training, a Sales and Use Tax Seminar was held on November 30, 2005 for Educational Institutions. Approximately 123 taxpayers attended. We held an Agricultural Tax Seminar on February 9, 2006, with approximately 39 people in attendance. We partnered with the Department of Agriculture for this first seminar focusing on the agriculture industry. We also held a Sales & Use Tax Seminar for Manufacturing on March 9 with approximately 70 people in attendance. On March 30, 2006 we held two workshops in Winnsboro for the new Fairfield County 1% Local Option Sales Tax. There was a total attendance of 17. On April 27, 2006 four speakers from DOR spoke at a Central Chapter SCACPA Seminar on topics such as Electronic Services, SCBOS, and Nexus. A Sales and Use Tax Seminar for Retailers was held on May 18, 2006 with 72 taxpayers and staff in attendance.

We coordinated four workshops for the second quarter to educate taxpayers on the new Alcoholic Liquor by the Drink Tax. Workshops were held in Columbia, Charleston, Greenville, and Myrtle Beach with a total attendance of 298 taxpayers.

We continued to work with Clemson University in preparation for the Clemson Tax Schools. These tax schools were held at locations throughout the state during the second quarter with a total attendance of 904.

Free monthly workshops for both Sales Tax Forms and Withholding Tax Forms are offered. At the end of June 2006, we have had 601 participants register for the Sales Tax Forms Workshops and 283 for the Withholding Tax Forms Workshops.

Upgrade our Technology Infrastructure: The South Carolina Integrated Tax System (SCITS) project is a multi-year project that will be built on a commercially available, fully standard relational database, and will provide both DOR employees and taxpayers with a holistic, fully integrated view of the taxpayer account. SCITS will provide information and services on a 24/7 basis, and provide real-time, “once and done” processing wherever possible. Related DOR technologies, such as web access, document imaging and storage, and the Data Warehouse with its analytic capabilities will be fully integrated with SCITS.

The Request for Proposal (RFP) was issued this FY. Responses to the RFP were received on March 27, and were evaluated by an agency team. RSI was selected as the winning proposal, and contract negotiations with RSI began in April. Due to the complexity of the project, the contract negotiations were not completed until late June. The contract was signed and the intent to award the contract was posted on June 20, 2006, starting the 15-day protest period. No protest was made, and the contract took effect on July 3, 2006.

This project will help enable the growth of the SCBOS program, facilitate the participation in enterprise applications and infrastructure upgrades and enhance the Data Warehouse and Scan/Image system capabilities.

Governmental Enterprise Accounts Receivable Collections (GEAR): Currently we have 59 entities participating in GEAR. GEAR collections for FY 05-06 amounted to \$3,259,851.98 (Figure 7.5.1) and GEAR payments through Debt Setoff were \$4,551,525.13.

Our debt set-off program continues to be an excellent collection tool for those entities who wish to participate in the program. (See Figures 7.5.6 and 7.5.7).

Obtain an Integrated Financial System - The CIO office continues to work with the new integrator to implement the SAP system at the central agencies (Comptroller General and Treasurer). Also, the project team is updating the overall statewide rollout schedule. DOR has updated the travel system and the federal per diem exception form system.

Workforce Planning: With 55 TERI employees leaving the agency by June of 2006, we have focused on knowledge transfer and have conducted job analyses with 14 TERI employees to capture the duties, tasks and knowledge they have.

A job analysis process was completed with the majority of job families throughout the agency, documenting their duties, tasks, knowledge, skills, equipment, supplies, future issues and concerns.

Electronic Workforce Learning and Performance: We implemented the tax type web pages with the goal to provide access to information within three clicks or less. Upon implementation of the tax type web pages, a new WEB (Web Enhancement Board) was formed to continually enhance our website for taxpayers and employees.

We continue to assess the need for electronic learning modules (e-modules). An e-learning quiz was developed and published on Rev'n U for use in a Computer Assisted Audit course. An on-line interactive individual income tax notice was developed. The goal was to help taxpayers understand a proposed notice of assessment. A main Help page was created for access by taxpayers in addition to the Help pages for each tax type. A SCnetFile e-module was created to provide answers to Frequently Asked Questions for that program, A Liquor by the Drink tutorial was also developed for employees and taxpayers to help them understand the new law.

Tax systems: We continue to offer Introduction to SCATS (South Carolina Automated Tax Systems) training for new employees. Updates to the current SCATS manual has begun, as well as a SCATS e-module being created to be used in lieu of taking the class in a classroom setting. Development of Basic, Intermediate and Advanced ARMS (Automated Receivables Management System) training was finished and a pilot session was attended by 14 employees. An e-learning module for Electronic Services on E-filing was also developed this year.

Tax law employee education: We continue to provide a wide variety of tax law training to our employees. Topics include:

- Sales & Use tax on the medical profession
- Corporate License Fees
- Withholding Tax Forms Workshops
- Liquor by the Drink
- Individual Income Tax
- Basic Property Tax and
- Legislative Updates.

Employee satisfaction and recognition: We continue to hold Director's lunches for recognizing groups and individuals for outstanding organizational contributions. Since the beginning of FY 05 – 06, 15 lunches with 175 employees recognized have been held.

We have had the Director's Shining STAR parking space filled each week this fiscal year with those employees who have been nominated that demonstrate exceptional work.

With the appointment of our new Director in January, "Meet the Director" pizza lunches were held for all employees to meet and greet the new Director and for him to meet the employees.

Employee Appreciation Day was held May 3, 2006. A barbeque sandwich lunch was served, DOR prizes awarded, a "DOR Idol" contest was held and nineteen service awards were presented.

Leadership development: The Leadership for Results class of 2005 graduated 37 participants in January. The major objective of this program is to create leaders at all levels of the organization. The Leadership for Results class of 2006 started in January with 44 participants from across the agency.

In addition, six new supervisors have completed the Associate Public Management Program offered by the Budget & Control Board's Office of Human Resources. A contingent of six new Certified Public Manager candidates began the 18 month program also offered by OHR. Seven employees completed the program in April of 2006 bringing our total graduates to 19. We also have one participant in the Executive Institute this year. Seven of our human resource staff are enrolled in the new Human Resource Professional Development program developed by OHR. One of our participants completed the program in May, 2006. This program requires participants to take over 50 hours of training designed to enhance their knowledge of state government HR issues.

A website was designed on our intranet, Dragnet, strictly for Supervisors/Managers. The site includes direct links to HR related policies, forms, tutorials and other helpful information. It is designed to make finding frequently used information easier to access. Response from supervisors has been very positive.

Two courses have been conducted in the HR training series. The State Ethics Commission conducted their Ethics for Public Officials course which was attended by 16 employees. A course on Managing Employee Performance was also held with 12 supervisors in attendance. To help our employees improve their writing skills, the agency provided a Business Grammar class conducted by Midlands Technical College. A total of 25 employees attended.

I3. Key Strategic Goals – Our strategic plan focuses our efforts in four Key Result areas with associated strategies. Beginning September 8, 2005 the Department began the comprehensive review of our five year plan. The revised plan was implemented July 1, 2006. The final year of our current Key Strategic Goals are detailed in the Strategic Planning Chart located in Category 2.

I4. Opportunities and Barriers:

Opportunities

- Moving the mail and revenue processing and file room functions to Market Pointe has freed space within the Columbia Mills building to move employees from other rented locations and afforded more space for cramped sections and resulted in more streamlining of the processing function, greater security for the equipment and a more effective atmosphere to promote teamwork and process improvement.
- Enjoying the ability to hire new employees creates opportunities for restructuring some sections, instills more awareness for generational values and opens the door for more evaluation of processes.
- Focus on measurement refinement allows for greater control of processes.
- Privatized collections continue to develop stronger supplier partnerships.
- Improved financial management is being realized through activity based costing and zero based review.
- Greater voluntary compliance and more accurate reporting are expected as a result of more extensive taxpayer education opportunities.
- The expansion of SCBOS (South Carolina Business One Stop) continues to provide more flexibility for taxpayers to manage their own businesses.
- Ongoing succession and workforce planning and job analysis activities are allowing us to capture and manage organizational knowledge.
- Telecommuting continues to provide an avenue to keep expertise and provide for greater productivity.
- Motor Fuel Electronic Filing, Lottery Compliance, and the SCBOS activities continue to provide partnering opportunities with other state agencies, counties, and other entities.
- Involvement with the IRS in the fedstate corporate electronic filing program and the fedstate electronic payment program has given us the opportunity to partner in the development of electronic programs that offer better and more cohesive services to the taxpayer across federal and state lines.
- We continue to support a greater focus on electronic audit and collection techniques, proper allocation of work to private collectors, and renewed focus on return-on-investment.
- Nexus internet research and tape and data matching allow for greater discovery of areas of non-compliance.
- Data warehouse project allows greater storage and mining of internal and external data to identify non-filers and under-reporters.
- We have the ability to accomplish high profile goals that make a difference for the state and the agency, e.g.; SC Business One Stop, the data warehouse project, updated scan imaging, e-commerce efforts and GEAR (Government Enterprise Accounts Receivable).
- The updated IT strategic plan focuses on the replacement of SCATS (South Carolina Automated Tax System), the incorporation of the data warehouse and SCBOS and continued collaboration of state resources.
- Increased use of taxpayer workshops, including industry specific training, maintains our direct contact with taxpayers allowing them to get answers to questions and improve compliance.

- Use of taxpayer focus groups reinforces our commitment to meeting their needs where feasible and gives them the opportunity to aid our agency in the development of new projects.
- Growth in information sharing with counties helps both the DOR and the counties.
- Greater acceptance of electronic transactions by taxpayers, counties, other state agencies, IRS etc. assists in the utilization of our electronic processes and saves money for the agency.
- Continued development within e-commerce offers both filing and payment options as well as the eventual ability for taxpayers and their representatives to manage their own accounts electronically in a secure environment.
- The transfer of many archived records to a single site has allowed us to develop a more organized approach to archival and retrieval.
- The continued growth of scanning and imaging allows for more instantaneous retrieval of return images, cutting down on the need for paper retrieval while giving employees faster access to documentation.
- The continued growth of scanning, imaging and encoding of paper checks has streamlined the deposit of funds, given backend users access to return images at their desktop and increased speed of deposit of related funds while saving the state money by in-sourcing the processing of withholding coupons and checks.
- Maintaining a close working relationship with the US Postal Service keeps us informed of changes and allows us to take advantage of services not readily apparent.
- Maintaining relationships with other state revenue departments and the IRS through involvement in SEATA, FTA, TIGERS, etc. has generated innovations and better contract agreements with vendors due to the sharing of information.

Barriers

- The loss of expertise/knowledge and future leaders as a result of TERI and retirements continues to present management challenges.
- Employee turnover affects our ability to gain from training or plan for long range training needs. It also limits our development of comprehensive knowledge of tax laws, systems and processes.
- Increased training to provide technical skills and grow leaders for the future is needed.
- Expanded responsibilities and changing work territories result in an increased learning curve.
- State procurement rules inhibit supplier partnering.
- Upgrades to technology that are needed to improve revenue processing have a long project cycle.
- Inability to hire and retain some employees due to salary issues and the changing priorities of younger workers continues to be a challenge.
- Assimilating contract personnel to DOR's culture and values is challenging.
- Internet/Network security issues e.g. viruses, hackers, spyware all require resources to ensure DOR systems remain secure.
- Inability to work all returned mail and not being able to find taxpayers hinders collection activities.
- It is a challenge to address the issues of the ever-growing non-English speaking population.

- The inability to share information with counties is hindered due to security issues.
- Complex laws lead to complex forms and greater difficulty for taxpayers to voluntarily comply.
- Backlog of mainframe work due to demand and beginning the move to another system has caused delays in implementing changes to decrease the workload for both DOR personnel and others.

I5. How the Accountability Report is Used to Improve Organizational Performance

The Accountability Report has been used as a tool to capture the Department's strengths and opportunities for improvement. By identifying the opportunities and barriers, we are able to capture the most immediate needs of the agency. This, coupled with the self assessment which is realized as a result of preparing the report, allows us to focus on the vital few priorities for the coming year.

II. Organizational Profile

III1. The main products and services include:

- Taxpayer assistance
- Tax forms and instructions
- Tax information (manuals, brochures, opinions, policies, etc.)
- Taxpayer learning opportunities
- Web site
- On-line, 24/7 registration and inquiries
- Licenses
- Collection services
- Vehicle valuation guide for counties
- Constituent services
- Legislative services

These products and services are delivered through face-to-face contact, direct mailings, via the internet, distribution centers and in classroom settings.

II2 & 3. Below is a complete listing of our major customer and stakeholder groups and the various methods we employ to address their requirements and build lasting positive relationships.

All stakeholders

Publications and brochures
Taxpayer Assistance Officers
Taxpayer Advocate
Taxpayer Education
Problems Resolution Office
Automated Tax Help Line
FormsFax and Web Forms
Email systems
Five Regional Offices
Satellite office hours at 18 locations in SC
Award-winning web site
Summary of current year's new tax legislation
Policy document listserve
Experts on TV

Speakers Bureau/Public Speaking/Toastmasters
Direct Check, epay projects
Credit card payment options
Contact – Customer Research Center project

Elected Officials

Revenue collection and reporting
Legislative liaisons
Drafting assistance
Courtesy calls
Constituent services
Proactive response to issues

Other state agencies

Revenue collection and reporting
SCBOS
JDC workshops with Commerce

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MySCGov.com coordinating payment modules and publications

Dyed Fuel Program

Use Tax compliance information

Check stuffers at filing time

Seats in our training sessions

Statewide Training Coordinators Group

GEAR

Debt set-off program

Individual taxpayers

Forms drive through

VITA volunteers

Publications for new residents, military, college tuition credits

Special efforts related to sales tax holiday

Special efforts related to the 1% exemption on food

Tax practitioners

Forms design teams

Joint seminars with IRS/ERO

White-collar crimes course

Articles in the CPA newsletter

Speakers at CPA seminars

Fed/State filers' handbooks

Regulated Businesses (bingo, alcoholic beverages)

ABL tracking process

Bingo processing system

Bingo paper rules

Statewide property taxpayers (e.g., manufacturers, motor carriers, utilities, car lines)

Changes to FILOT (Fee In Lieu Of Taxes)

Adding BPP (Business Personal Property) review

Streamlining Motor Carrier Property Tax administration

Local Governments (property tax administration, local option taxes, index of taxpaying ability, exemptions)

SCNetFile, web extensions and declarations

Outreach to high schools, vocational schools, prisoners re: filing taxes

Fastfile outreach

Business taxpayers

Sales tax listserve

Various workshops

SCBOS/DORBOS

JDC workshops

Business development

Economic Incentives book

Corporate Income Tax summary published with the Bureau of National Affairs

Refund offset

GEAR

CAMA

Motor Carrier Audits

FILOT

Motor Vehicle Assessment Guides

Visits to counties

Seminars sponsored for county officials

Focus groups on processes affecting counties

Adding listserves for policy documents/comment

Federal Government

IRS refund offset

IRS Fed/state liaison

IRS classes

Streamlined sales tax initiatives

Other state governments

SEATA

FTA

Exchange of use tax information

Supply motor fuel training instructors nationwide

II4. Our key suppliers are the citizens of South Carolina who supply us with tax revenues and information. We also rely on the Employment Security Commission and other state and local governmental entities to supply required information. The Budget and Control Board's Office of Information Resources is a major supplier of technology infrastructure for the agency and the Department of Corrections provides for our bulk printing and bulk shredding of documents as well as construction of cubicles for our renovated space. Traditional suppliers include Dell Computers, forms manufacturers, and other suppliers of services and supplies.

We consider our partners to be many of the same as those included in our stakeholder group but also include the many contract personnel we have working on our SCITS (South Carolina Integrated Tax System) and Data Warehouse which are key projects for the next five years. Additionally, we have numerous partners with our SCBOS (South Carolina Business One Stop) registration program. These include:

- Secretary of State
- Employment Security Commission
- Dept of Health and Environmental Control
- Dept of Labor, Licensing, and Regulation
- Dept. of Commerce
- Budget and Control Board, Office of CIO
- S.C. Chamber of Commerce
- Municipal Association of S.C
- S.C. Association of Counties
- Small Business Chamber (Cyberwoven)
- TiBA
- Probation, Parole & Pardons Services
- US Small Business Association (SBA)
- Consumer Affairs
- Association of CPAs
- Department of Insurance
- SCANA
- IRS
- SC Education Lottery
- Department of Motor Vehicles
- Small Business Centers
- Department of Health & Human Services
- SC Commission on Higher Education
- Nonpublic Postsecondary Institution Licensing
- Government Finance Officers Association of SC
- SC School for the Deaf and the Blind
- Greater Columbia Chamber of Commerce
- Richland County Public Library
- SC Board of Accountancy

II5 & 6. As of the end of FY 05-06, the agency had a total of 671.5 authorized full-time permanent slots. Of those, 653.5 are state funded and 18 are other-funded. These employees work in five offices throughout South Carolina and six major metropolitan areas across the United States. We also supplement our five main offices by staffing eighteen “satellite” offices periodically throughout the month. Our permanent workforce has been supplemented by 20 contract employees, approximately 115 non-seasonal temporaries and up to 150 seasonal temporary employees during peak months.

II7. We administer the laws under the Titles 2,4,6,11,12, 16, 23, 33, 44, 46, 48, and 61 of the South Carolina Code of Laws and comply with the Internal Revenue Service codes. Also, we adhere to OSHA, employment and leave laws as well as any other customary regulations with which organizations must comply.

II8. Our key strategic challenges that were revealed through our external and internal scans of the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the updated strategic plan include:

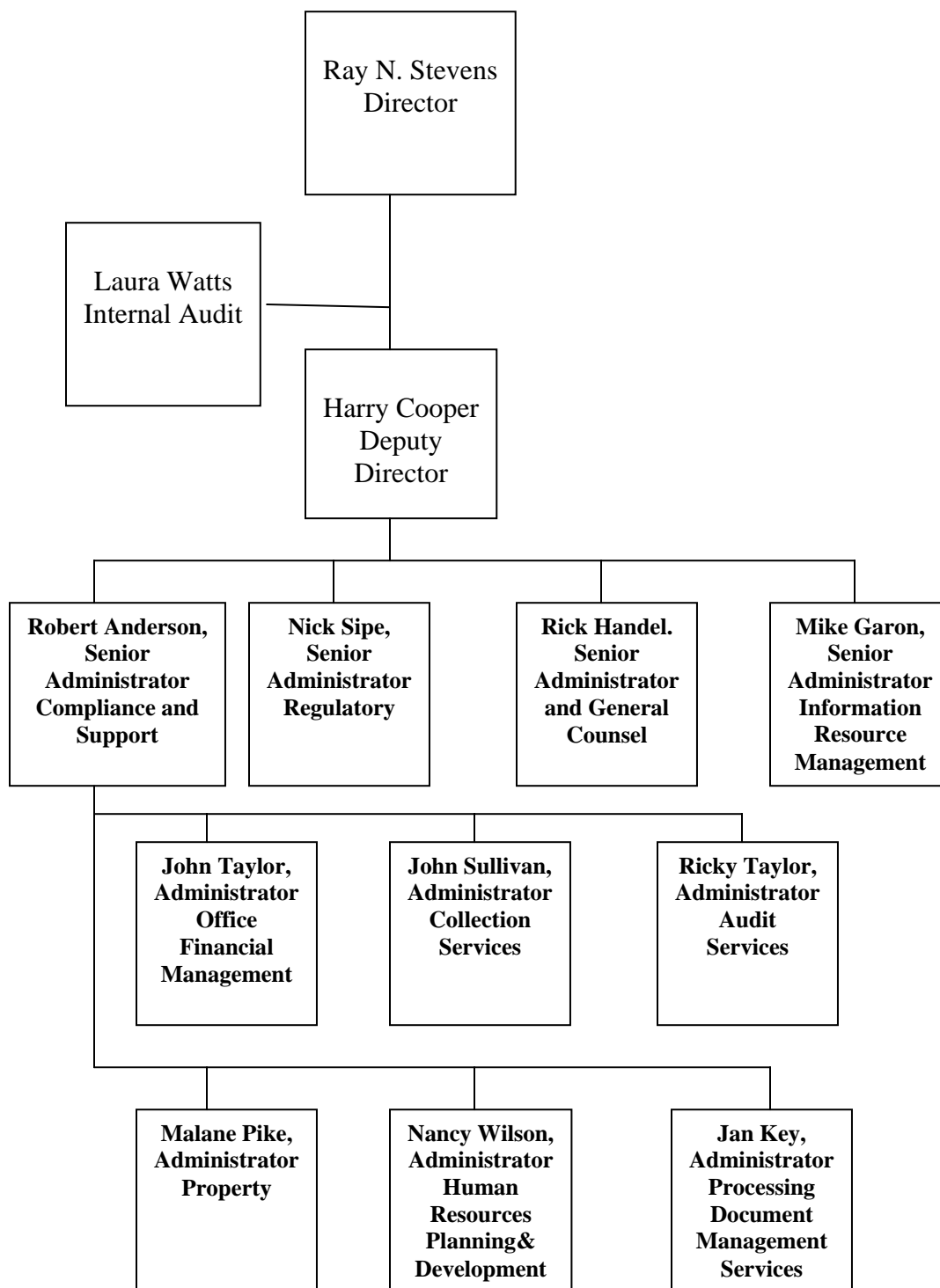
- attracting and retaining candidates for employment with the state pay limitations;
- meeting the ever increasing expectations of stakeholders and customers;
- more on-line 24/7 connections for our customers;
- tax reform;
- more non-English speaking taxpayers;
- limiting growth in government; and
- the increased need for employee technical training.

II9. We continue to use the improvement system described in Category 6.

The South Carolina Department of Revenue is also a regulatory agency. We administer 32 state taxes and numerous fee, credit, and exemption programs. We process over 7 million tax returns annually and collect over 94% of the state’s general funds of over \$8.1 billion. The agency also regulates and licenses retail establishments, bingo operations, and alcoholic beverage sellers. The agency is in direct contact with almost every South Carolina resident and many non-resident taxpayers and corporations. We therefore manage our enterprise in a customer-focused, fair, and efficient manner.

Organizational Structure: Our organizational structure is shaped around core business competencies and support functions. The chart below shows that structure and leadership.

South Carolina Department of Revenue Organizational Chart



Accountability Report Appropriations/Expenditures Chart Base Budget Expenditures and Appropriations

	04-05 Actual Expenditures	05-06 Actual Expenditures	06-07 Appropriations Act
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Major Budget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$23,993,611	\$23,445,225	\$26,283,907	\$25,403,956	\$26,111,861	\$24,639,921
Other Operating	\$16,395,604	\$5,478,654	\$21,382,073	\$10,561,551	\$18,604,113	\$8,452,483
Special Items	\$1,125,000	\$0	\$0	\$0	\$0	\$0
Permanent Improvements	\$220,877	\$69,000	\$208,782	\$0	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions to Subdivisions	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$6,788,385	\$6,624,793	\$7,146,743	\$6,921,438	\$7,889,708	\$7,616,278
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$48,523,477	\$35,617,672	\$55,021,505	\$42,886,945	\$52,605,682	\$40,708,682

Other Expenditures

Sources of Funds	04-05 Actual Expenditures	05-06 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	Key Cross References for Financial Results*
I.A Administrative & Program Support	Agency administration and Internal Audit functions	State: \$674,969 Federal: 0 Other: 210 Total: \$675,179 % of Total Budget: 1%	State: \$821,143 Federal: 0 Other: 0 Total: \$821,143 % of Total Budget: 1%	
II.A Programs & Services— Support Services	Personnel, Training and Development, Quality, Procurement & Facilities Mgmt., Budget & Finance, Information Resource & Technology Management and computerized systems management functions	State: \$8,301,153 Federal: 0 Other: 8,363,841 Total: \$16,664,994 % of Total Budget: 28%	State: \$13,234,384 Federal: 0 Other: 8,442,425 Total: \$21,676,809 % of Total Budget: 34%	7.3.3
II.B Programs & Services –	Audit & Collection functions, Property	State: \$18,805,454	State: \$20,485,840	

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Revenue & Regulatory Operations	Tax Administration and appraisal, and Regulatory (Alcoholic Beverage Licensing and Bingo) Administration	Federal: 0 Other: 4,043,058 Total: \$22,848,512 % of Total Budget: 39%	Federal: 0 Other: 3,256,479 Total: \$23,742,319 % of Total Budget: 37%	7.1.1, 7.1.2, 7.1.3, 7.3.1, 7.3.2, 7.5.7
II.C Programs & Services – Legal Policy & Legislative Services	Agency General Counsel; sets tax policy, represents the agency in litigation, bankruptcy matters and the legislative process	State: \$1,211,303 Federal: 0 Other: 335,105 Total: \$1,546,408 % of Total Budget: 3%	State: \$1,424,140 Federal: 0 Other: 210,492 Total: \$1,634,632 % of Total Budget: 3%	
III.C Employee Benefits – State Employer Contribution	Employer share of fringe benefits paid on state employee salaries	State: \$6,624,793 Federal: 0 Other: 163,591 Total: \$6,788,384 % of Total Budget: 12%	State: \$6,921,438 Federal: 0 Other: 225,164 Total: \$7,146,602 % of Total Budget: 11%	

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

Interest paid on tax refunds that are recorded as agency expenditures in accordance with Generally Accepted Accounting Principles (GAAP). These expenditures are recorded by the Comptroller General in program II.A, Support Services (program # 30050100).

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

III. Malcolm Baldrige Performance Excellence Standards

Remainder of Expenditures:	State: \$0	State: \$0
Interest Paid on Tax Refunds	Federal: 175,6210	Federal: 220,426
	Other: 3,438,612	Other: 3,926,542
	Total: \$3,614,233	Total: \$4,146,968
	% of Total Budget: 6%	% of Total Budget: 7%

Leadership

1.1a - f Senior leadership in the agency consists of the Director, Ray N. Stevens, a Deputy Director, Senior Administrators, and Administrators of each of the major operating units. The agency's leadership sets, deploys, and communicates short and long term direction and organizational priorities through the strategic planning process, the annual business planning component of that process, and the five-year business plans developed for agency level objectives. Performance expectations are detailed in each employee's Position Description and EPMS are tied to the agency's four key result areas. The strategic plan was reviewed during the fiscal year with implementation of the revised five year strategic plan and one year annual business plan July 1, 2006. The plan outlines our organizational values as described in the Executive Summary and include a focus on innovation, empowerment, knowledge, and ethical behavior.

1.2 In FY 05-06, the leadership team continued its focus on both internal and external customers by supporting activities for progress on our 12 major goals and the various underlying projects that are tracked at the agency level. These goals, objectives and projects are tied numerically to the four key results of the strategic plan. Agency-level performance measures are likewise numerically tied to the key results. Management meets each Monday morning for reporting on these and other issues by our operating divisions.

Quarterly “dashboard” performance indicators are scheduled for review by the management team. Progress on each annual business plan objective is compiled and reported quarterly.

1.3 The strategic planning process we employ forces us, through the SWOT (Strengths, Weaknesses, Opportunities and Threats) process to look at the current and potential impact on the public of our products, programs, services, facilities and operations and the potential associated risks. This allows us to develop organizational objectives that will address the issues gleaned from the information and data collected. See Category 2.

1.4 The Chief Financial Officer and staff along with the internal audit staff are responsible for the accuracy and timeliness of reporting. We just completed the eighth year of agency audits that resulted in no adverse findings. Our Chief Counsel, Administrator for our Regulatory division and the Internal Audit staff have policies, procedures and measures in place to ensure that the Department maintains accountability to requirements. Our internal audit staff periodically conducts audits of various processes within the agency to ensure no improprieties exist. Additionally, employees are required annually to certify that they have read and understand the confidentiality and disclosure requirements. Each time an employee’s computer is turned on, a reminder of confidentiality appears and action is required to proceed. These safeguards are employed to ensure no unauthorized information is revealed.

1.5 We continue to refine our set of high level measures (dashboard measures) that are reported on a quarterly basis. These measures, listed in 4.3, allow the leadership team to monitor the effectiveness and efficiency of the agency processes.

Additional measures are reviewed at the Deputy and division level. Performance measures track processes that show improvements and potential problems; track performance to specifications; and indicate processes needing change.

1.6 Quarterly coaching sessions with employees are utilized not only to review progress on objectives that are tied to our four key result areas, but also to obtain their feedback on the effectiveness of management throughout the organization. Our Leadership Development process is enhanced by the Leadership for Results program that graduated 37 participants in 2005. The 2006 session began in January with 44 employees. This program has been employed to improve leadership effectiveness. We also participate in and support the Certified Public Manager and Associate Public Manager programs, as well as the Executive Institute.

Our values represent our guiding principles or the things about which we care most as we carry out our mission. Senior leadership not only models these beliefs, but also clearly and consistently articulates these values throughout the organization. Our intent is to demonstrate these beliefs in all our dealings with our external and internal customers.

Our senior leaders have been trained in quality management principles, team leadership and performance excellence techniques. Leaders demonstrate their devotion to these principles by participating in training and teams and by using the quality tools and process.

1.7 Senior leadership continuously mentors and coaches future leaders and participates in leadership development activities to ensure the leadership succession occurs seamlessly.

1.8 Senior leaders maintain a focus on innovation and improvements through the objectives and projects developed and detailed in the annual business planning step of the strategic planning process. All employees attended a senior leadership led “roll-out” session for the new 5 year strategic plan in June 2006. Through this process, all employees are encouraged to look for improvement opportunities while focusing on agency wide objectives.

1.9 The agency supports and strengthens the community as well as demonstrates its public responsibilities and practices good citizenship in many ways. Public trust is a vital component of maintaining high levels of voluntary compliance with the state’s tax laws. We assure ethical business practices proactively through policy and training. Several teams work annually (1) to ensure compliance with implementation of new statutes; (2) to identify suggested improvements to the laws; and (3) to communicate advisory opinions and regulations to assist taxpayers. Direct e-mail, the Problems Resolution Office, monthly interviews, and the Taxpayer Advocate are avenues for citizens to resolve concerns. Our Contact Center is utilized not only to help the taxpayer, but to gain invaluable input to processes of the agency. We continue to train our Contact Center employees and see this as an integral part of the agency’s listening and learning approach to gain input from the community at large.

The agency continues to be a leader in the government community. The GEAR (**G**overnment **E**nterprise **A**ccounts **R**eceivable) and SCBOS (**SC** **B**usiness **O**ne **S**top) processes are but a couple of examples in which we have taken the leadership role. These projects have a direct positive impact on reducing the burden of compliance with our tax laws. We have also maintained a leadership role in the development of the Integrated Financial System which we plan to implement in DOR. On the state level, our employees lead or participate in multi-agency teams to improve the processes of government. We have trained not only our employees, but also many from other agencies on tax topics and quality improvement subjects to include how to prepare the Annual Accountability Report. We regularly facilitate teams in other agencies. We are actively involved with professional groups in leadership roles, such as the Federation of Tax Administrators (FTA) Best Practices and Benchmarking Team. Mr. Stevens serves on the Coordinating Council for Economic Development; is a Member, South Carolina Board of Economic Advisors; and is a Member of the South Carolina Agency Directors Organization. These collaboration efforts not only help us identify best practices, but also give us the opportunity to be a partner in continuously improving all governmental services for our citizens.

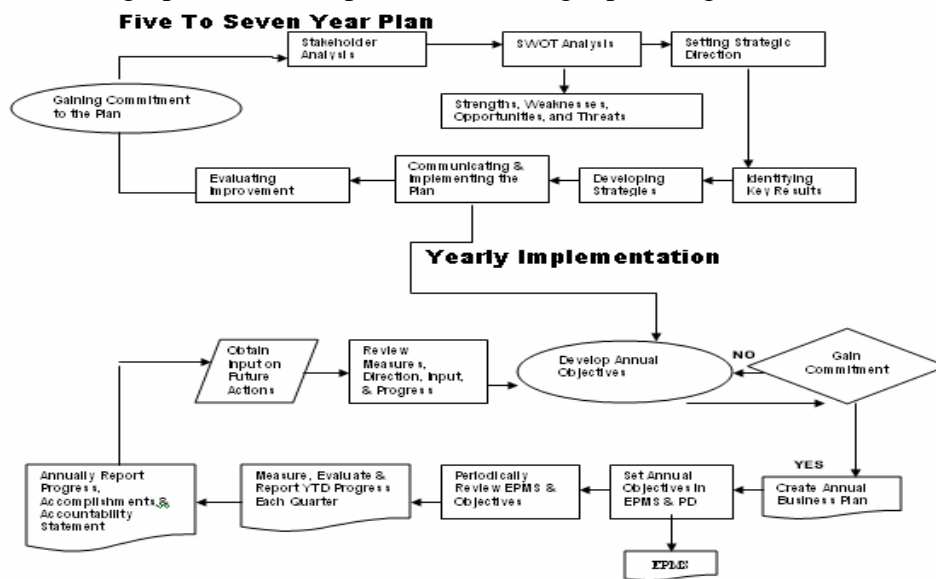
We partner with business groups, such as the State Chamber of Commerce, Municipal Association, Association of Counties, the Small Business Development Centers, the Hospitality Association, the Manufacturers Association, the SC Hospital Association, and the SC Manufacturers Alliance, and others on joint projects and provide education to these groups. Our collaboration with state partners includes the Departments of Transportation; Health and Environmental Control, Commerce, Labor, Licensing and Regulation; and the South Carolina Education Lottery, to name but a few. We regularly serve as a pilot site with the Internal Revenue Service to bring taxpayer friendly programs to South Carolina citizens, such as issuing federal employer tax identification numbers. We frequently are called upon to make presentations to a wide variety of audiences about both taxation and our quality leadership approach.

Our agency actively supports many community groups and activities such as the United Way, the Good Health Appeal, and United Black Fund of the Midlands, Cooperative Ministries, the Red Cross, Harvest Hope Food Bank, the Ronald McDonald House, National Multiple Sclerosis MS150 bike tour, and our community schools.

Strategic Planning

2.1a The agency's strategic plan is the basis for both our long- and short-term planning processes. On September 8, 2005 we began the process of a complete review of our strategic issues facing us in the next five years. Our strategic planning process gives us a future-oriented basis for business decisions, resource allocation and management, and helps us stay focused on those things that are important priorities for the agency.

Below is a graphic of the Department's strategic planning model.



We continue to keep focused on our customer and stakeholders through the SWOT portion of this process. It helps us identify our Strengths, Weaknesses, Opportunities, and Threats or risks that could impact our actions. This research and analysis process gathers input from employees, business and non-business taxpayers, elected officials from both state and local government, tax practitioners, media, other state agencies, government entities within the state, suppliers/contractors/partners and professional associations. The main themes that surfaced from the internal assessment and employee focus groups include the need for more technical training; a continued focus on workforce planning; salaries and benefits; and employee career paths.

Our external scan revealed issues related to increased intergovernmental interactions amid the cry for smaller government, the ability of the state government in general and DOR specifically to recruit and retain the best employees and candidates, the ever increasing dependency of customers and employees alike of technology solutions and the expansion of a non-English speaking population.

2.1b – g The Key Results, strategies, objectives and projects of the strategic plan focus the agency on addressing short and longer-term priorities related to risks of any nature as well as the shifting technological and regulatory arenas. As described in 2.1a above, through the SWOT analysis we have taken into consideration our human resource needs, the opportunities and

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barriers we are and will be faced with, business continuity issues that would need to be addressed in emergencies.

Having all employees' position descriptions and subsequent evaluations tied to the strategic plan enables us to seamlessly execute our strategic plan.

2.2 and 2.2 As shown in the Strategic Planning Chart below our plan includes four Key Results areas and their associated action plans along with the key performance measures. Our Key Results are: Maximized Compliance, Strong Stakeholder Relationships, Effective and Efficient Agency and Enterprise Services, and Capable, Satisfied, and Diverse Work Team.

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 05-06 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
I.A Administrative & Program Support	Key Result 2 – Strong Stakeholder Relationships Key Result 3 – Efficient and Effective Agency and Enterprise Services	2.3 Develop Seamless systems 3.3 Implement Enterprise Debt Collection 3.4 Obtain an Integrated Financial System	N/A 7.5.7, 7.5.8 N/A
II.A Programs & Services – Support Services	Key Result 1 – Maximize Compliance Key Result 2 – Strong Stakeholder Relationships Key Result 3 – Efficient and Effective Agency and Enterprise Services	1.2 Revolutionize Reporting 2.1 Drive One-Stop Business Registration 2.2 Stakeholder Education & Feedback 3.1 Performance Excellence for Efficient and Effective Processes 3.4 Obtain an Integrated Financial System	N/A 7.5.2 - 7.5.6 7.2.1, 7.2.4 All measures in category 7 N/A
II.B Programs & Services – Revenue & Regulatory Operations	Key Result 1 – Maximize Compliance Key Result 2 – Strong Stakeholder Relationships Key Result 3 – Efficient and Effective Agency and Enterprise Services	1.1 Find Nonfilers 1.3 Establish a Data Warehouse 2.3 Develop South Carolina Integrated Tax System 3.2 Upgrade our Technology Infrastructure 3.3 Implement Enterprise Debt Collection 3.5 Become Enterprise	7.1.1, 7.1.2 N/A N/A N/A 7.5.7, 7.5.8 7.1.7 – 7.1.15

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		Processor	
II.C Programs & Services – Legal Policy & Legislative Svcs.			
III.C Employee Benefits – State Employer Contributions	Key Result 4 – Capable, Satisfied, and Diverse Work Teams	4.1 Workforce Planning	7.4.1 – 7.4.3

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

2.4 We develop our action plans through our annual business planning process. Each year, all natural work teams and project teams set objectives and action plans that target one or more of the strategies tied to the Key Result areas. Our Annual Business Plan addresses improvement opportunities at the team, operating division and agency level. Progress is reported quarterly. Planning is an annual process that we believe not only aligns employee efforts with the issues of most importance to our agency, but also helps us monitor progress and use resources wisely. We have supplemented the annual business planning cycle with a five-year planning process that began in September, 2005 with implementation July 1, 2006.

The significance of aligning individual duties and accountability to the strategic plan is underlined through explicitly tying job duties to key results on each employee's position description and EPMS as mentioned in 1.1. In addition, quarterly coaching sessions occur for each employee during the EPMS process. Part of that coaching includes reinforcement of the key results and the employee's unique responsibilities that will help us better accomplish our mission.

These plans are then tracked through: (a) periodic presentations of the 12 objectives at the Monday management meetings; (b) quarterly year-to-date progress reports; and (c) quarterly review of the dashboard measures which tie to our key results areas.

2.5 The strategic plan is communicated in large group meetings with all employees and reinforced by sectional meetings within each division. In addition, other types of communication include other media such as e-mail, brochures, posters, and through communicating Monday morning meeting minutes in our *This Week* publication. For new employees, an orientation session called "DOR-101" educates employees to the agency, the strategic plan, and the strategic planning process.

2.6 As described in 2.4 above, we measure our progress on each action plan in the annual business plan through quarterly reporting.

2.7 All of our strategic objectives were developed through thorough research and investigation of the environment and asking our stakeholders what their expectations were of the DOR and what our expectations were of them. This information was synthesized to determine the strategic challenges we would be facing over the next five to seven years.

2.8 A listing of our key results and objectives is located at <http://www.sctax.org> then click on the Strategic Plan button.

Customer Focus

3.1 Through our strategic planning process and implementation, the agency's key customers and stakeholders have been identified as those who use state revenues; the agencies that rely upon state revenues; individual and business taxpayers of the state; tax practitioners acting on behalf of those taxpayers; regulated businesses; statewide property taxpayers; local governments; elected officials; and federal, state and local governments. We define our customer groups by the products and services they require. This allows us to determine and fulfill our customers' key requirements by asking questions, defining terms, setting standards, and employing continuous improvement methodologies. Strategies are then built to address those requirements.

3.2 We continuously search for and employ customer-friendly feedback vehicles to listen and learn what our customers' needs and expectations are. As mentioned above and in category 2, we utilized the strategic planning SWOT process to conduct focus groups with our major customers and stakeholders to ascertain future expectations of our processes and employees. These focus groups are an invaluable listening and learning mechanism. Our website is an avenue for our customers to provide feedback and access services. SCBOS, our internet registration and filing method, employs a feedback loop should a citizen wish to provide it. All notices that are sent by the agency contain a telephone number for customers to make inquiries and suggestions. Our annual Customer Satisfaction Survey conducted by the University of South Carolina is another vehicle for us to gain feedback from our customers. We also continue to utilize our Contact Center and Taxpayer Service Centers to gain insight from callers and walk-ins on problems, preferences, concerns and trends. Our monthly Sales and Use and Withholding Tax forms workshops, the Small Business Workshop and the various other taxpayer education session participants are encouraged to provide feedback via written evaluations upon conclusion of each class. Daily, we are provided with news clips from papers across the state, the *Wall Street Journal*, *Washington Post*, *Charlotte Observer* and others to keep a finger on the pulse of current events that could potentially affect our tax administration.

Annually, we are required to update our forms. Employee teams are formed each year to accomplish these updates and external focus groups are used to gain input for our Individual Income Tax, Sales and Use Tax, Corporate Tax, and Withholding Tax forms. This has proved invaluable in helping to build relationships and more importantly, gaining greater knowledge in the ever changing customer and business needs and expectations.

3.3 We view every complaint or comment as an opportunity to improve our services. Strategies for agency level objective 2.2 included holding a number of focus groups to get feedback on a number of our tax forms. The SC Department of Revenue has established a single sign on for access to all SC DOR web applications utilizing one user name and password which allows our customers access to the information about their business. Our website has been built around customer needs and expectations and allows them to make suggestions and ask questions about requirements. As mentioned in 3.2, we look to the Advisory Boards, workshop participants and a wide variety of other stakeholders to help us keep our services relevant and to identify additional opportunities for improvement. Many of the enhancements, improvements and additions to our electronic means to deal with the agency come directly from customer and stakeholder trends.

As mentioned in 3.2 above, including feedback from tax practitioners, tax accountants, CPA's, and taxpayers for our forms design teams has proved invaluable in simplifying content and format of information on our tax forms.

3.4 The agency has employed several methods to collect customer satisfaction and dissatisfaction input to determine the strength of our relationships and to improve processes.

These include:

- The University of South Carolina's Institute of Public Service and Policy Research Biannual Survey of the South Carolina Public includes our annual satisfaction survey on overall service delivery, quality of information received, and the ease of the process. See Figures 7.2.1. and 7.2.4.
- Taxpayer education initiatives, such as our Sales and Use Tax Workshops, our Sales and Use and Withholding Tax Forms Workshops, and our Clemson Workshops are used in part to measure customer satisfaction and gain valuable input to our forms and processes.
- The use of focus groups when developing forms and notices help us ascertain when we are doing things well or poorly.
- The Taxpayer Advocate's Report is a measure of the number of types of complaints, the resolutions of those complaints, and the processes that have been changed as a result.
- Participation with the CPA Association.

3.5 We build positive relationships with customers and stakeholders in a number of ways as identified by the various groups and methods to address their particular needs detailed in the Organizational Profile. We understand that most taxpayers will voluntarily comply with the tax laws if the instructions are clear, understandable and simple. With the expansion of the capabilities of our business registration web site, SCBOS, we have made it easier to start a business in South Carolina and provide the information needed to get the right business licenses and set up tax accounts. We are partnering with multiple entities as members of the Executive Team for this project. These are: Secretary of State's office, Employment Security Commission, Department of Health and Environmental Control, Department of Labor, Licensing, and Regulation, and Department of Revenue, Office of CIO (Budget and Control Board), Department of Commerce, S.C. Chamber of Commerce, S.C. Association of Counties, and the Municipal Association of S.C. The establishment of this joint electronic business registration has proved extremely successful. Virtually all of our customer comments related to the process have been extremely positive.

The agency holds workshops to update taxpayers on tax law changes and forms revisions (i.e., Clemson Individual Income Tax Workshops, Small Business Workshops, and Sales and Use Tax Workshops). Additionally, workshops are scheduled with local government officials, county auditors, treasurers and assessors to address new tax legislation that affects these entities. Other regional workshops are conducted on a variety of tax matters. These workshops allow us to gain valuable input to our processes as well as help to build positive relationships with these customer groups.

The agency has structured ways in which to educate and be responsive to the various needs of our customers. In addition to recorded and personal telephone assistance, responding to mail and e-mail correspondence offered on our website, the Department provides:

- News releases for information of general interest to the public and information letters for

- information of general interest to tax professionals;
- Advisory opinions providing the formal policy statements of the Department;
- Brochures for taxpayers, including:
 - Moving to SC: A Tax Guide for New Residents*
 - Guide to College Tuition Tax Credit*
 - SC Sales and Use Tax*
 - Southeastern States Exchange Agreement for Sales and Use Tax Compliance*
 - Your Rights as a South Carolina Taxpayer*
 - A Guide to SC Admissions Tax*
 - A Homeowner's Guide to Property Taxes*
 - Starting a Small Business in South Carolina*
- Publications for business tax professionals include:
 - Revenews Tax Newsletter*
 - S.C. EFT Program Guide*
 - Computer Assisted Audit System (CAAS)*
 - South Carolina Department of Revenue Legislative Update* (each year)
 - South Carolina Tax Incentives for Economic Development* (each year)
 - South Carolina Corporate Income Tax* (also published as Tax Management Multistate Tax Portfolio #2280 by the Bureau of National Affairs)
 - The South Carolina Taxation of Limited Liability Companies* (also published as part of a book entitled *South Carolina Limited Liability Companies & Limited Liability Partnerships* by the South Carolina Bar)
 - South Carolina Property Taxes* (each year; also published as part of a book entitled *The Property Tax Deskbook* by the American Bar Association)
 - Deed Recording Fee — Reference Manual*

All above material is available on the Department's web site and all of the material for tax professionals is sent to them through a listserve.

Our web site's frequently asked questions section also answers taxpayer questions. Each April, citizens greatly appreciate the agency's "forms drive-through" service at the Columbia office, which allows taxpayers the ability to pick up their state and federal tax forms without leaving their automobiles.

We offer a variety of methods for customers to file taxes, obtain forms and register a business. Our website allows for certain tax filings and credit card payments, business registration, answering questions. Both current and past year tax forms are available. Also available via the web site and our Refund Hotline is refund status information. Internet filing is available for Individual Income Tax, Sales Tax and Withholding Tax.

The method of defining our customers by the various products and services we deliver has proved to be extremely helpful in differentiating between our numerous customer groups. Our industry specific sales and use tax workshops were developed to address a particular industry's concerns.

Measurement, Analysis and Knowledge Management

4.1 & 4.2 The agency leadership has long reviewed all types of data to ascertain the progress made in our operations, processes, and systems. Our key or "dashboard" measures are detailed

in 4.3. These measures were synthesized from over 120 department measures, many of which continue to be reviewed at the operational versus executive leadership level. These measures were agreed upon by the leadership team as those that would provide an overall picture of the “health” of the agency. They are reviewed on an annual basis to ensure that they are still appropriate and adequate to manage the agency. Additionally, each strategic objective and action plan includes measures that are developed to ascertain progress on the objective. The following characteristics of the measures are required:

Definition: Give operational definition of measure.

Data Source(s): Where does the data come from? (e.g., monthly mainframe collections report) Who collects the data if it doesn't come from the mainframe?

Why is it important? Why this measure? What does it tell us? How does it relate to an important outcome? What decisions are affected by this measure?

Factors Affecting Performance: What major variables will affect this measure? This could include both controllable and uncontrollable variables.

Analysis of Current Performance: This section is updated each reporting period with year-to-date analysis. Describe special cause situations, trends, anomalies, or process changes that affect performance.

4.3 Our agency dashboard performance measures align numerically to the agency strategic plan. The listing follows:

Dashboard Measures

Key Result 1 Measures	Key Result Number
Total Collections (% last year)	KR 1 – V
Total Enforced Collections (%last year : % projection)	KR 1 – U
Budget to Projections – BEA	KR 1 – T
Total Receivables	KR 1 – DB38
Key Result 2 Measures	
Contact Center – Abandoned Call Rate	KR 2 – DB5
Contact Center – Response Time	KR 2 – DB6
Contact Center - # Calls by Tax Type	KR 2 – DB7
Customer Satisfaction Survey Results	KR2 – H
Achievement of Minority Business Goal	KR2 – DB36
Refund Cycle Time – IIT Paper	KR2 – E1
Refund Cycle Time – IIT Electronic	KR2 – DB16
Refund Cycle Time – Sales	KR2 – A
Refund Cycle Time – Withholding	KR2 – B
Refund Cycle Time – Corporate	KR2 – C
Key Result 3 Measures	
Cost per Dollar Collected	KR3 – D
% of IIT Returns Received Electronically	KR3 – R1
% of Sales & Use Tax Returns Received Electronically	KR3 – R2
% Dollars Deposited Electronically	KR3 – B
Deposit Opportunity Cost	KR3 – T
Total Number of Transactions/Returns	KR3 – N

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Processed	
Debt Collected by Setoff	KR3 – O
Key Result 4 Measures	
Voluntary Resignations	KR4 – F
Average Sick Leave Used Per Employee	KR4 – K
EEO Parity Rate	KR4 – DB35

Measures are reported on by use of a standardized format that states the related key result, measure type (input, output, outcome); location of the data and charts; averages for the last five years, goals for this year; goals for five years hence and the individual held accountable for the data. Definitions; data sources; description of why the measure is important; factors that affect performance and analysis of current performance, as indicated above, are included for reporting. All dashboard measurement data is located in the “shared” directory of our Local Area Network and is accessible to our employees. The agency continues to utilize these measures in the senior leadership appraisal system as they are aligned with the strategic plan and the managers’ areas of responsibility. The measures are reviewed annually to ensure that they are still relevant and serve the agency’s business needs and direction.

4.4 We participate in the (FTA) Federation of Tax Administrators’ Benchmarking project for our comparative data. This year we contributed data in 17 areas of tax administration. The sharing of this information allows us to analyze our processes and benchmark with those states whose results are superior to ours.

4.5 An independent security audit was completed on our computer systems to help maintain data integrity, accuracy, and security ensuring the reliability of data used for decision making.

4.6 With a quarterly review of performance data and quarterly updating of the annual business plan objectives, we are able to focus our resources on those action plans that are either not attaining their milestones or celebrate the achievement of those that remain on target. The data provided for these performance reviews allows us to target processes for improvement.

4.7 Leadership development and knowledge transfer are key parts of our strategic plan. DOR has invested significant resources in cultivating our leaders of the future. We participate in the Associate Public Manager Program, Certified Public Manager Program, and the Executive Institute on the state level. On the agency level, we designed and implemented a leadership development process for potential leaders who are earlier in their careers and who are spread across the spectrum of our agency functions. We are in the third year of this successful program and have graduated 117 employees from this class and 44 are currently in the course.

We also use our electronic means that allow employees to keep abreast of the information and data that is compiled. Our “shared” directory and internal web site, Dragnet, contains a wide variety of information to include a succession planning manual and documents. These documents are completed by employees to allow for the seamless transfer of knowledge.

As mentioned in the **major achievements** portion of the Organizational Profile, our workforce planning effort is focused on knowledge transfer. With 55 TERI employees leaving the agency by June of 2006, we conducted job analyses with 14 TERI employees to capture the duties, tasks

and knowledge they have. Further, a job analysis process was completed with the majority of job families throughout the agency documenting their duties, tasks, knowledge, skills, equipment, supplies, future issues and concerns.

Human Resources

5.1 The agency is organized in each division and section by natural work teams that have specific responsibilities. These teams are empowered to cross team and division lines to communicate issues and collaborate. Cross-divisional work teams are appointed to work on substantive improvements and implementation that are projects identified through the annual business planning process and tie to one of the four key results of the strategic plan. The talents and initiative of our employees are the ultimate keys to our success. The use of teams from the process under study encourages and motivates employees to solve problems and make continuous improvements.

All Position Descriptions are written to tie directly to the mission of the organization. All EPMS documents have been rewritten to tie directly to our strategic plan. In addition, many of our frontline workforce have a Job Development Plan that ensures progression in knowledge and skills and encourages employees to develop their potential. The majority of these plans reside on our intranet, Dragnet. See below:



The agency has committed to providing our employees with state-of-the-art computer equipment by “bulldozing” every two years with leased equipment. This process took place beginning in December 2005 and was completed in February 2006. We also provide up-to-date software to our employees to give them the tools they need to best serve our customers.

Our weekly publication, *This Week*, keeps employees informed about happenings in the agency, as well as provides a summary of weekly executive staff meetings, relevant data, upcoming events, and employee news. This communication helps to reinforce our “DOR family” culture.

5.2 The human resource processes, considered as support processes, are evaluated and improved using the same model described in Category 6.

5.3 We identify and address developmental and training needs through periodic needs assessments. During the internal scan process of the strategic plan review, employee focus groups identified a need for more technical training. We continue to focus on e-learning available through Rev'n U to provide just-in-time training without travel costs. We have developed a wide array of general tax and tax specific "on-the job" course modules available for on-line users. See our Rev'n U Learning Portal below.

Rev'n U Learning Portal
 >>> the first place to look for eLearning

Whether you need to sign up for an upcoming class, launch an online self-study resource, or review your training activity, you can do it all from the comfort of your own computer. The **Rev'n U Learning Portal** lets you take charge of your learning at the S.C. Department of Revenue.

Look for upcoming training events
 The SCDOR training calendar is only a click away. You can view the scheduled events in a calendar or as a list. If you notice that a class you want to take isn't offered, you can request it through the Courses Catalog and be notified later.
[View upcoming events >>>](#)

Access self-study resources
 What would you like to learn? Expanding your knowledge just got easier with our online Self Study Center. Here you can access custom-made DOR eLearning modules as well as self-study documents available to employees.
[Access the Self-Study Center >>>](#)

Review your DOR training history
 When was that class? Now you don't have to call and request a transcript of your training history, you can look it up yourself. You can view the history for Instructor-Led events you've taken and see your upcoming activity, too.
[Review your training activity >>>](#)

Powered by

When traditional classroom training is utilized, it is augmented with accelerated learning techniques. We have technical training initiatives and quality and leadership initiatives. A sample of classroom training is listed below. Courses have been developed that address job skills, performance excellence, diversity, management and leadership training. Below is a sampling of the classroom training offered.

Classes Scheduled (All) For: All Courses

Find a Class by searching for a Keyword in the Title or by filtering using the toolbar items.

Course Title: Enter text at left and click the GO button to search

Show As Calendar | All Events | By Category

Showing: Title contains= % -Site= % -Category= % -Event Type= %

Class Date	Course Title	Id	Site	Event Type	Status
9/13/2006	ARMS - Intermediate	SYS-127-B	Columbia Mill Building	Classroom	Available
9/13/2006	Sales Tax Forms Workshop	TAX-267	Columbia Mill Building	Classroom	Available
9/13/2006	Sales Tax Forms Workshop	TAX-267	Columbia Mill Building	Classroom	Available
9/20/2006	ARMS - Basic	SYS-127-F	Columbia Mill Building	Classroom	Available
9/20/2006	Withholding Tax Workshop	TAX-264	Columbia Mill Building	Classroom	Available
9/27/2006	LFR: Giving & Receiving Constructive Feedback	TQM-178	Columbia Mill Building	Classroom	Available
9/27/2006	Sales & Use Tax Sem. for the Construction Industry	TAX-263	Holiday Inn- Airport	Classroom	Full
10/10/2006	Sales & Use Tax Seminar for the Health Care Indust	TAX-263-D	Holiday Inn- Airport	Classroom	Available
10/11/2006	Sales Tax Forms Workshop	TAX-267	Columbia Mill Building	Classroom	Available
10/11/2006	Sales Tax Forms Workshop	TAX-267	Columbia Mill Building	Classroom	Available
10/12/2006	LFR: Coaching-Bringing Out the Best in Others	TQM-177	Columbia Mill Building	Classroom	Available
10/18/2006	ARMS - Basic	SYS-127-F	Columbia Mill Building	Classroom	Available

Additionally, all of the methods and materials listed in 3.5 to education our customers are also

available and used to train our employees.

We evaluate the effectiveness of training and encourage the use of the new knowledge and skills primarily through our formal Job Development Plans for much of our frontline workforce that requires development of specific skills and duties. Teaching and training are required for certification and progression to the highest step of each plan. Each employee can reach the top of the individual plan with dedicated effort.

We provide 90% tuition reimbursement for up to 12 semester hours per year for our employees seeking a higher education. Our variable work week or work hour options assist those interested in completing accounting hours or degree requirements to qualify for entry into another job area in our agency. We sponsor an on-site Toastmasters group to allow employees to acquire and polish their public speaking skills. We also offer the John T. Weeks Scholarship for employees' children as well.

The agency has long held a leadership role in the state for our quality improvement and leadership training. For the last 17 years we have introduced our employees and many from other agencies to the quality tools and process through our quality and leadership training plan. Two sessions of the Leadership for Results course are offered each month, allowing participants flexibility in scheduling. An on-line version of each of the modules was purchased so that participants who could not attend a session have the opportunity to learn the concepts.

Additional training opportunities the agency endorses include: Regional and national tax administrator courses, Motor Fuel task force classes (as trainers and participants), CPE Training; Tax Law, Technical Skills, supervisory training, quality and leadership training; Certified Public Manager; Associate Public Manager; and the Executive Institute. When new employees are hired, we introduce them to the agency through our orientation course, DOR 101. See content below:

Each Month			
Second Monday	DOR-101		
	What?	What's Covered?	
	Processing Tour	Mail Room Mail Processing Revenue Processing Data Control Data Entry SCAN File Room	
	Travel time to Main Office & Break		
	Monday Morning Management Meeting	Meet & Greet the Administrators Have them sign organizational chart	

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		Take to Learning Center	
	Strategic Plan	Mission Vision Values Key Results Annual Business Plan Accountability Report Agency Culture & History	
	Lunch		
	General Tax Law	Taxes Administered by DOR Taxpayer Bill of Rights Customer Service (tied to key results)	
	Break		
	General Tax Law	Tax Research on Dagnet/Web Bribery Awareness P & I calculation	

5.4 & 5.5 The agency's approach to managing employee performance is through formal quarterly EPMS coaching sessions. All employees' planning stages include specific ties to the agency strategic plan; therefore these sessions allow for a free exchange of information to support continued high performance within the agency. Other successful components of our performance management system include: training development plans, universal review date for executive management that ties to the timeline of the annual business plan, and formalized succession planning.

5.6 Employee well-being and satisfaction is a significant indicator of return on our investment. Our measures include results of focus groups, exit interview feedback, turnover, absenteeism, and grievance statistics. We couple the diversified state benefits package with other initiatives that have proven successful, such as ongoing health screenings and stress reduction programs, weight watchers, basketball equipment, an exercise group and the DOR golfers. Tuition reimbursement and variable work week or work hour options assist employees in balancing their lives and professional development needs. The availability of a laundry pickup and delivery service has been well received. The Employee Assistance Program is available to all employees. Formal appreciation events include employee appreciation barbeque lunch, meet the Director pizza lunches, lunch with the Director program, and our Director's Shining STAR reserved parking space. All continue to be popular recognition options. Many work groups organize their own recognition celebrations on an ongoing basis.

We have very little turnover (See Fig. 7.4.1) and grievances are rare. This was verified through the results of our employee focus groups' answer to the question of "If your son or daughter (or someone close to you) was thinking about coming to work for the Department of Revenue, what would you tell them?" According to the Governmental Research and Service group of the Institute for Public Service and Policy Research at the University of South Carolina, the majority of employee views present a balanced picture of life at the Department of Revenue.

5.7 Initiatives in the area of maintaining a safe, secure and healthy work environment include: ergonomics and air quality studies; health screenings, flu and pneumonia shots, walking club, weight loss club, CPR training and on-site mammography as well as blood donation opportunities on-site. We developed a Business Continuity Plan that is updated periodically to address workplace preparedness for emergencies and disasters.

Process Management

6.1 – 6.5 The agency is aligned to its identified core processes. Below is a table identifying these processes. (Figure 6.1.1) **Note:** Support processes are included in the Administration category. All products and services, which are either in place or to be designed, link to one of the core processes. The agency utilizes the process where customers/stakeholders are defined by the products or services they receive, whether they are internal or external customers/stakeholders. This design and delivery model (Figures 6.1.2 and 6.1.3) forces us to look at how we can incorporate new technology, along with changing customer and mission related requirements, and has given new insight to help us develop and implement appropriate improvements to our process. This model is the way in which we review all of our current processes for improvement opportunities or design of new processes. It shows how we ensure customer/stakeholder involvement.

Core Processes	Sub-Processes	Stakeholders
Revenue Processing & Allocation	Forms Design and Management Mail Processing Records EFT/EDI Electronic Filing/Payment Enforced collections deposits/cash management Payment Processing Return Processing Refund Processing Data Collection Data Management Data Dissemination Statistics Revenue allocation Local Option Taxes Property Taxes Motor Fuel Taxes Dry cleaning \$9 million road/gas fund Accommodations Tax Index/Ratio Lists of corporate officers	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners Citizens Comptroller General
Registration, Licensing, and Exemptions	Registration Licensing Code Enforcement Determine Exemptions Oversight Local Government Assistance Question Answering	Elected Officials Other agencies Governments Business Taxpayers Practitioners Citizens
Valuations	Manufacturing Property Utilities, carlines	Local Governments Department of Public Safety

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	Business personal property FILOT Motor Vehicle guides Motor Carrier	Department of Transportation
Compliance	Audits Data Reconciliations Collections Code Enforcement Process Regulatory Violations Criminal Investigations/Prosecutions Assist Other Agencies/Governments	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners
Guidance, Education, Marketing, and “Answers”	Policy Decisions Problems Resolution Contact Center Taxpayer Assistance Officers Speakers Bureau Taxpayer Rights Advocate Training Rev’n U Publications New Legislation Guide Annual Report Teletopics Legislative Affairs Press Releases Forms Policy Documents Assist Other Agencies Local Government Liaison Provide Statistics/Data Education and Training	Elected Officials Governments DOR Staff Non-Business Taxpayers Business Taxpayers Practitioners Citizens
Dispute Resolution	Mediation Negotiations Error and Assessment Notices Error & problem resolution Taxpayer Advocate Appeals ALJ and court cases	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners
Administration	Human Resource Planning and Development Information Technology Facility Management Financial Management	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners DOR Staff

Fig. 6.1.1

Diagnosis Worksheet Instructions

Describe the system

1. Identify the product (and its producer) around which the symptoms/objectives seem to be centered.

Product – A deliverable created by work activity. Products are nouns, countable, and can be made plural with an “s”. Be as specific as possible. Examples include: PC repairs, purchase orders, financial audit reports, grant applications, strategic plans, etc.

2. Identify the end users of the product. End users are customers who actually use the product to achieve a desired outcome. They are the people we had in mind when we created the product.
3. Define the outcomes (results) expected of the product for the end user(s) and the producer.
4. List the key product attributes likely to be expected by the end user(s). Examples include easy to use, fast, simple, accurate, etc.
5. Describe the major steps of the process that produces the product.

Check Vital Signs

6. Does the product meet the end users expectations?
7. Is the product achieving the desired outcomes?
8. Is the process able to produce the product accurately?
9. Is the process able to produce the product in a timely manner?
10. Does the process take too long?
11. Does the process cost too much?
12. Is the process too complex?

Select Appropriate Change Process

© Ken Miller, The Change Agent's Guide to Radical Improvement, 2002. www.changeagents.info

Fig. 6.1.2

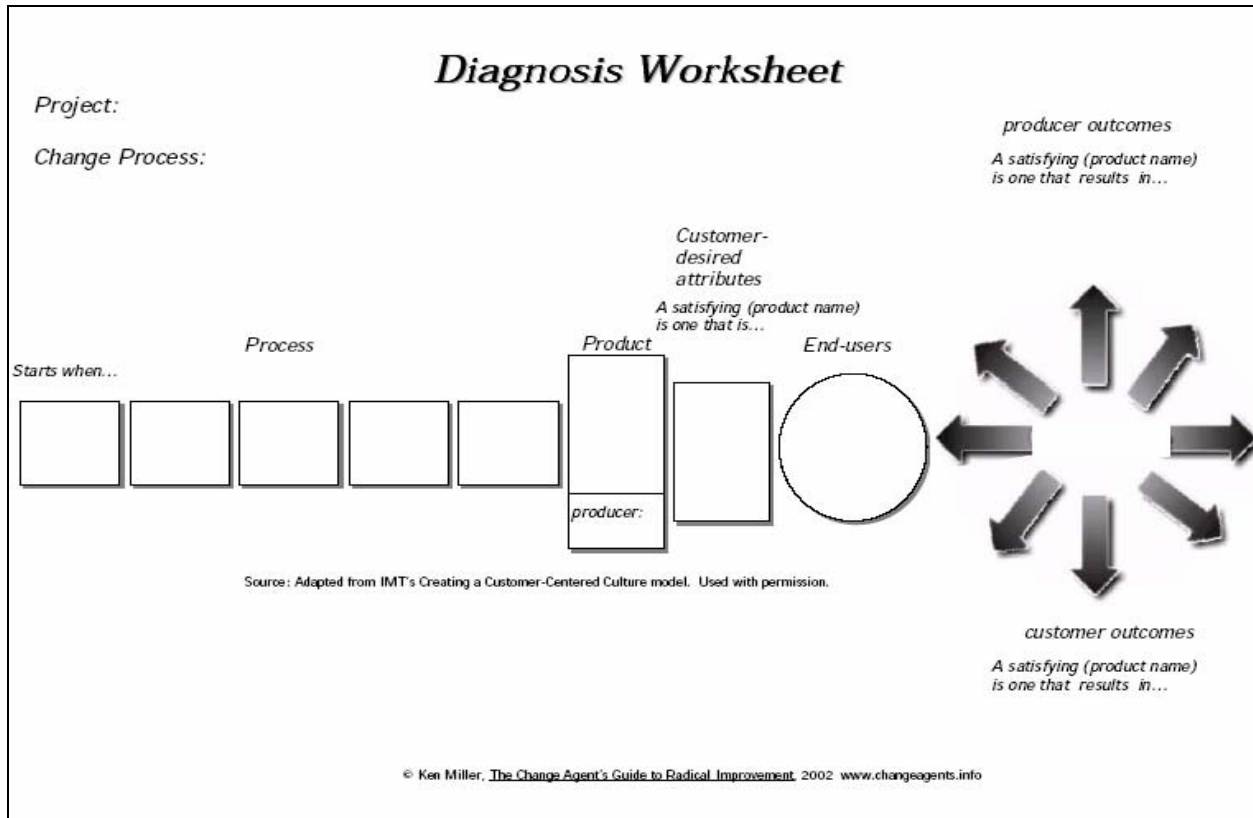


Fig. 6.1.3

Business Results

(NOTE: Individual income tax data is reported for the Tax Year, all other data is for the fiscal year.)

7.1 Mission Accomplishment Category 3.1 lists our stakeholders and customers which include other state agencies, local governments, and the General Assembly. Our measures that deal with administering the revenue and regulatory laws of the state and collecting the revenue due the state are primary components of the assessment of how well we accomplish our mission. Figure 7.1.1 shows our collections over the prior fiscal years. For fiscal year 06 we increased our collections by 11.1% over the prior year.

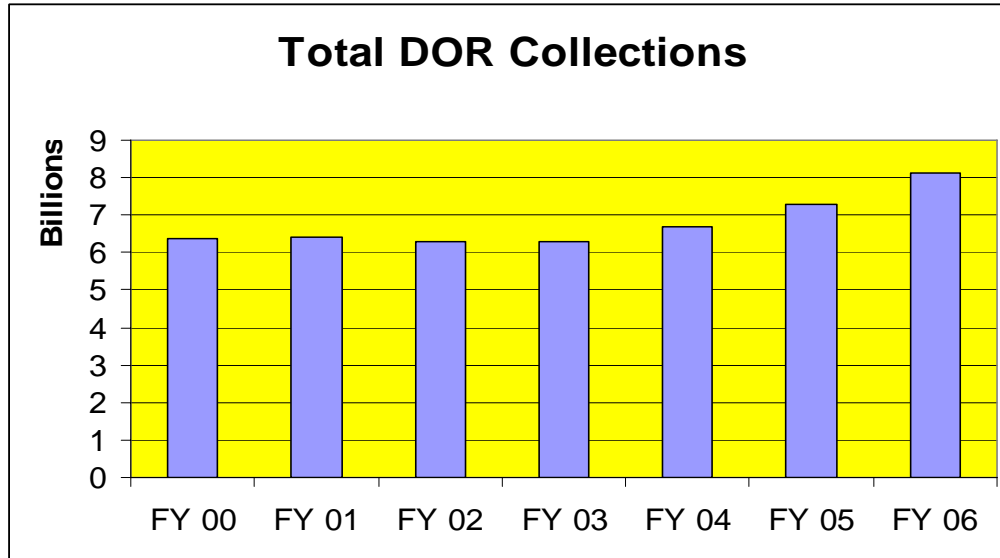


Fig. 7.1.1

With our mission of collecting the tax revenues due the state, Figure 7.1.2 shows the total enforced collections and its growth over prior years.

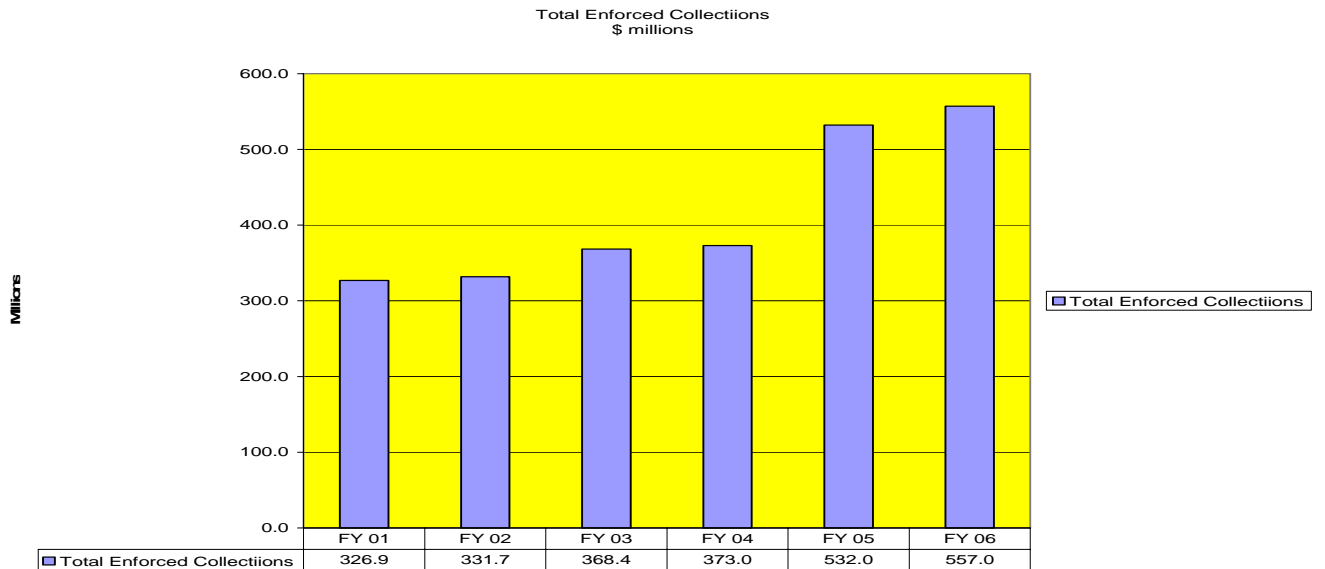


Fig. 7.1.2

For FY 06, our Nexus/Discovery unit has registered 261 non-filers and collected \$11,315,135.

Nexus/Discovery Section Collection Dollars

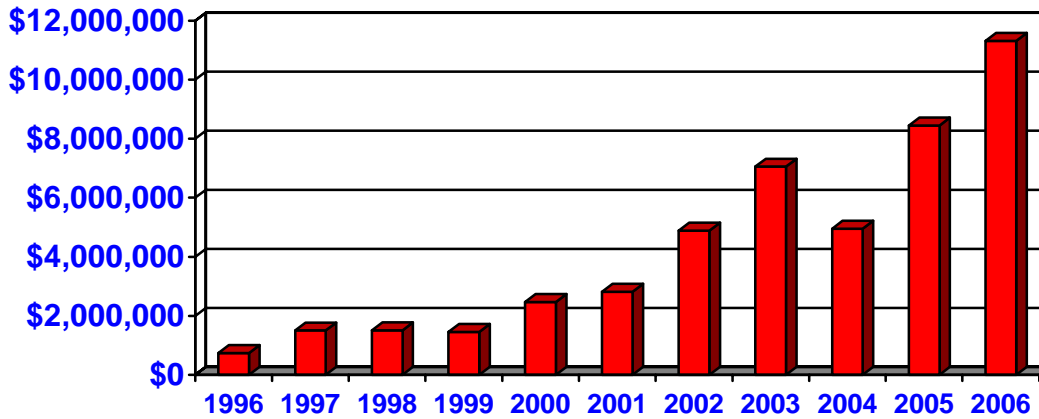


Fig. 7.1.3

As part of our ongoing strategy to grow our electronic capabilities for our customers, we track our ranking among the other top states for electronic filing of individual income tax. These methods help us accomplish our mission in a more efficient manner; therefore the numbers of non-paper tax returns filed is the first of these indicators. The latest available information from the Federation of Tax Administrators placed South Carolina tied for third, up from eighth, with California. South Carolina's percentage of 69%, up from 52%, trailed only Montana (77%) and Iowa (72%). Of note is that electronic filing is not required in South Carolina, but is required in some other states for certain taxpayers. With that in mind, maintaining our position as leaders in this area is a substantial accomplishment. Promoting electronic filing has been a significant cost and time saver for the Department, the State, and the taxpayer. Figure 7.1.4 depicts our ranking with the other highest ranking states along with the average of all states.

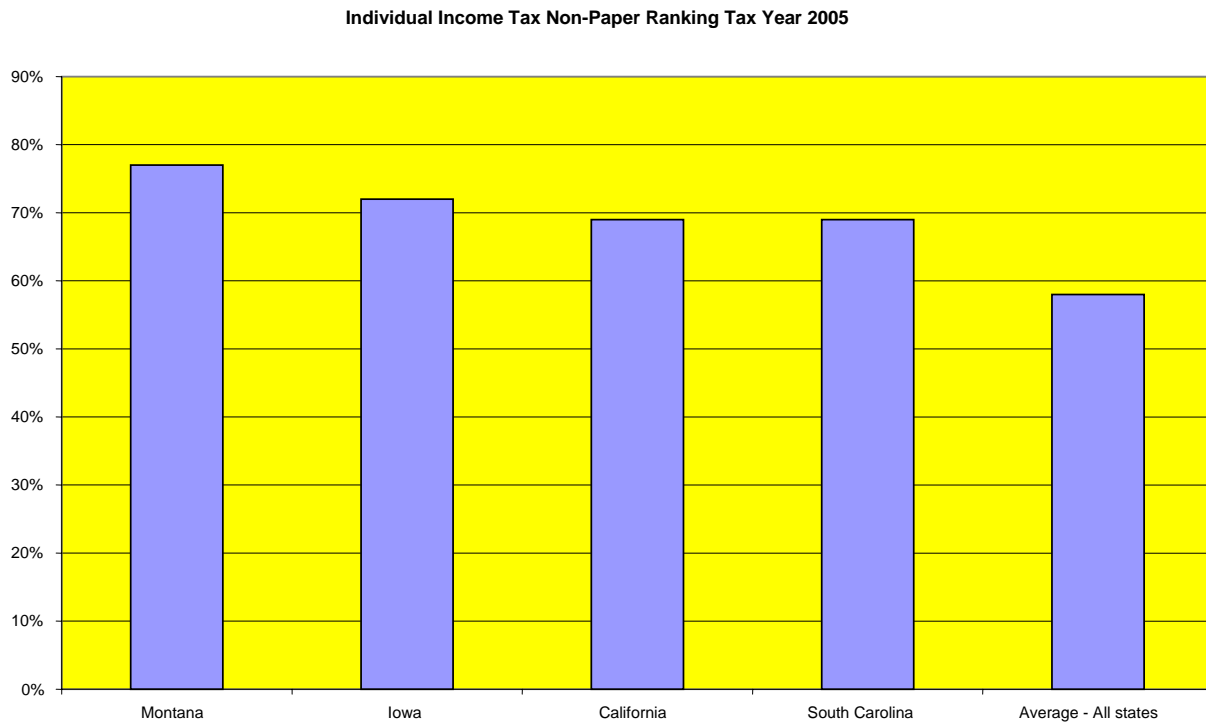


Fig. 7.1.4

The percentage of electronically filed returns, shown in Figure 7.1.5, increased 17% over last year.

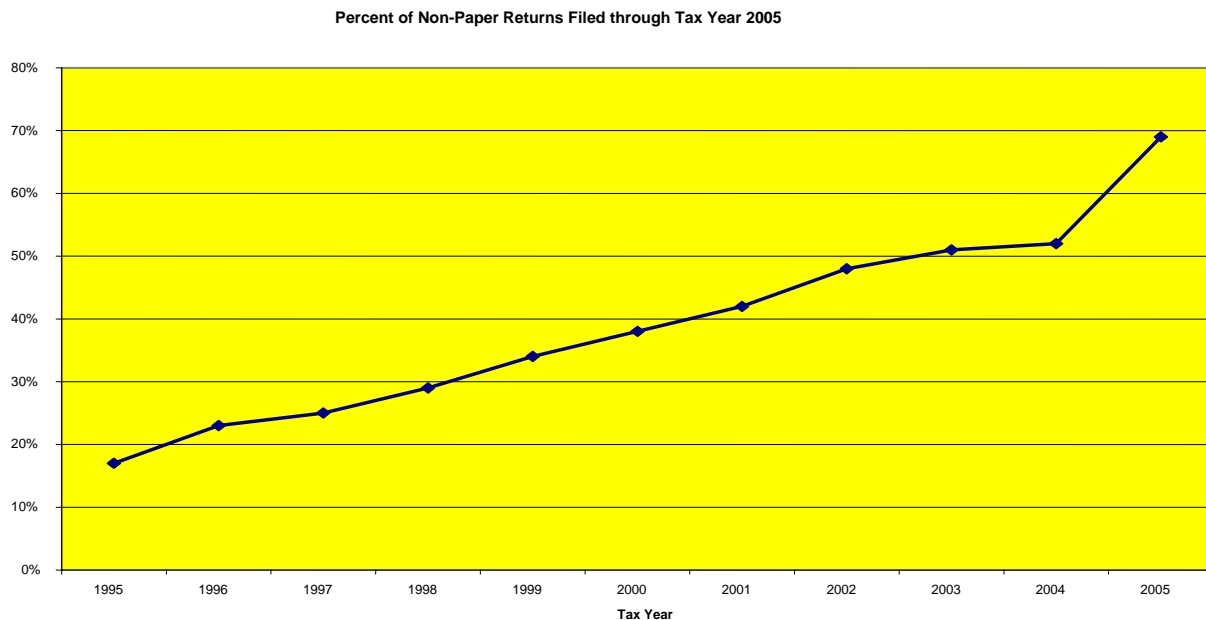


Fig. 7.1.5

Figure 7.1.6 indicates the growth in the various technological methods taxpayers used in filing their individual income tax returns this tax year. Taxpayers using these “alternative” methods not only allow the DOR to process returns more efficiently and virtually error free, but to

generate refunds much quicker, which is a customer satisfier.

Non-Paper Methods of Filing Individual Income Tax

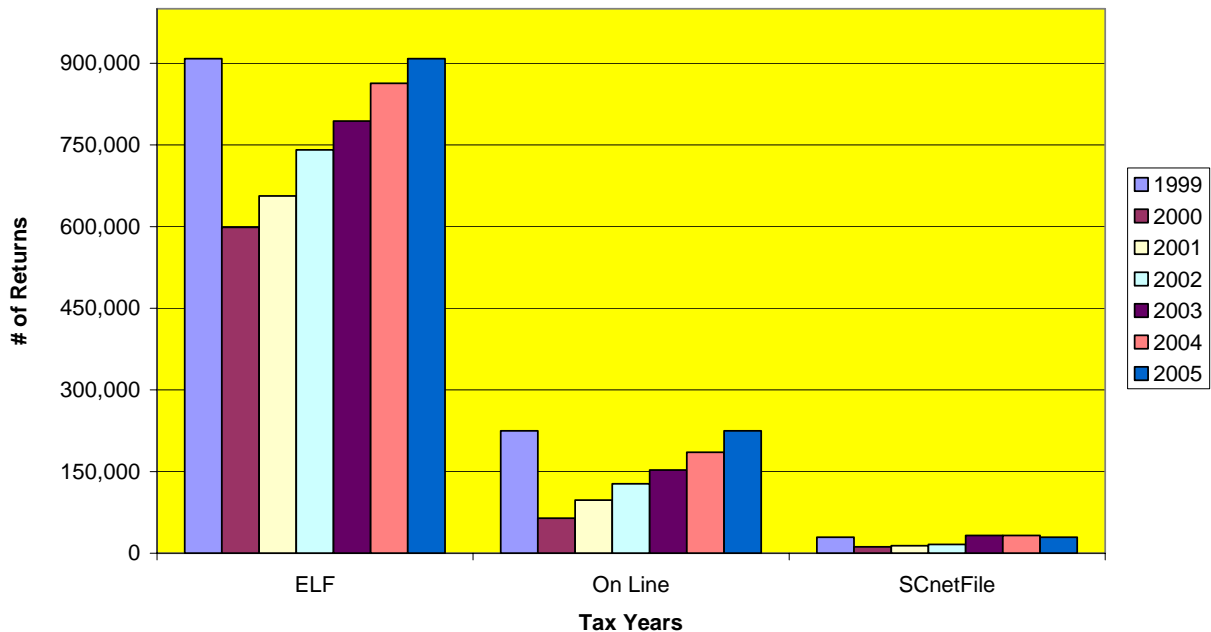


Fig. 7.1.6

Part of the Department of Revenue's strategy is to become the payment processor for the state. Figures 7.1.7 – 7.1.15 show the number of transactions we have completed in the four top tax types.

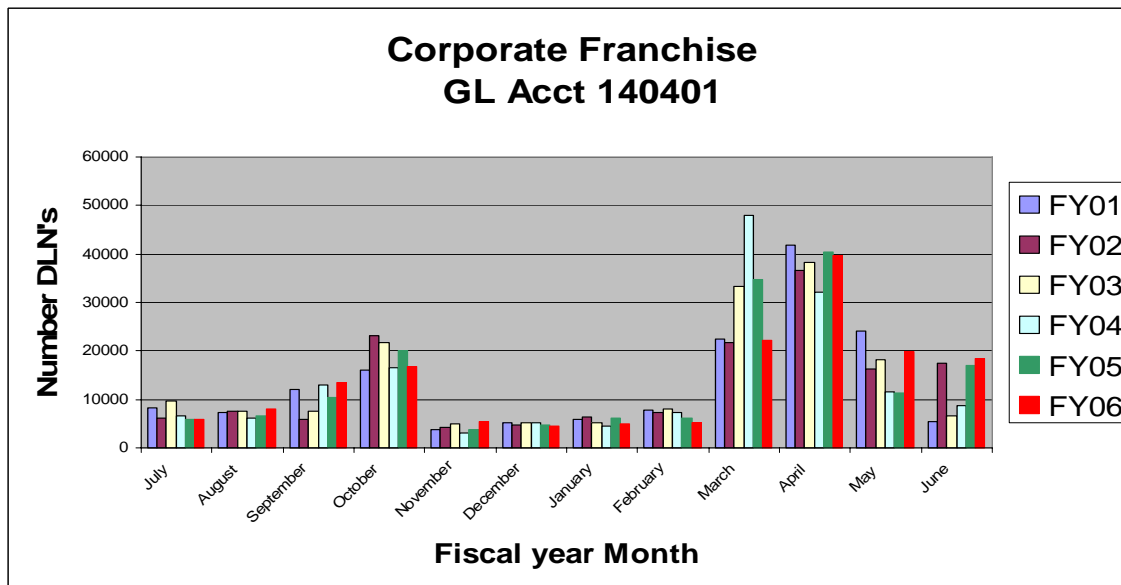


Fig. 7.1.7

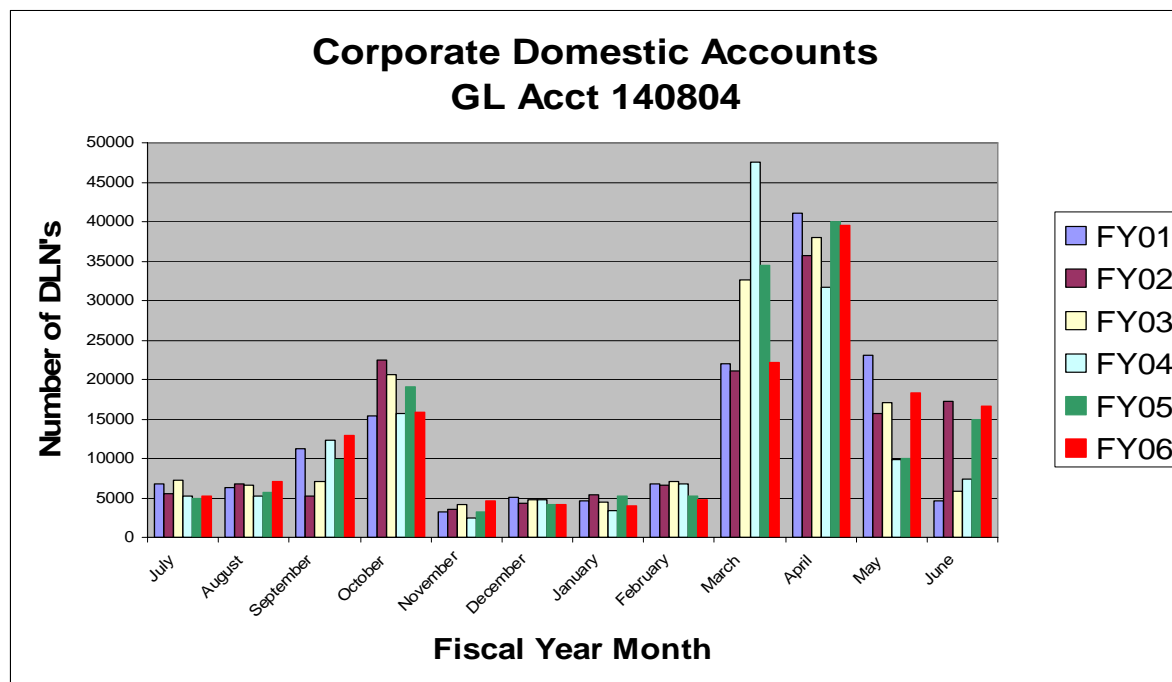


Fig. 7.1.8

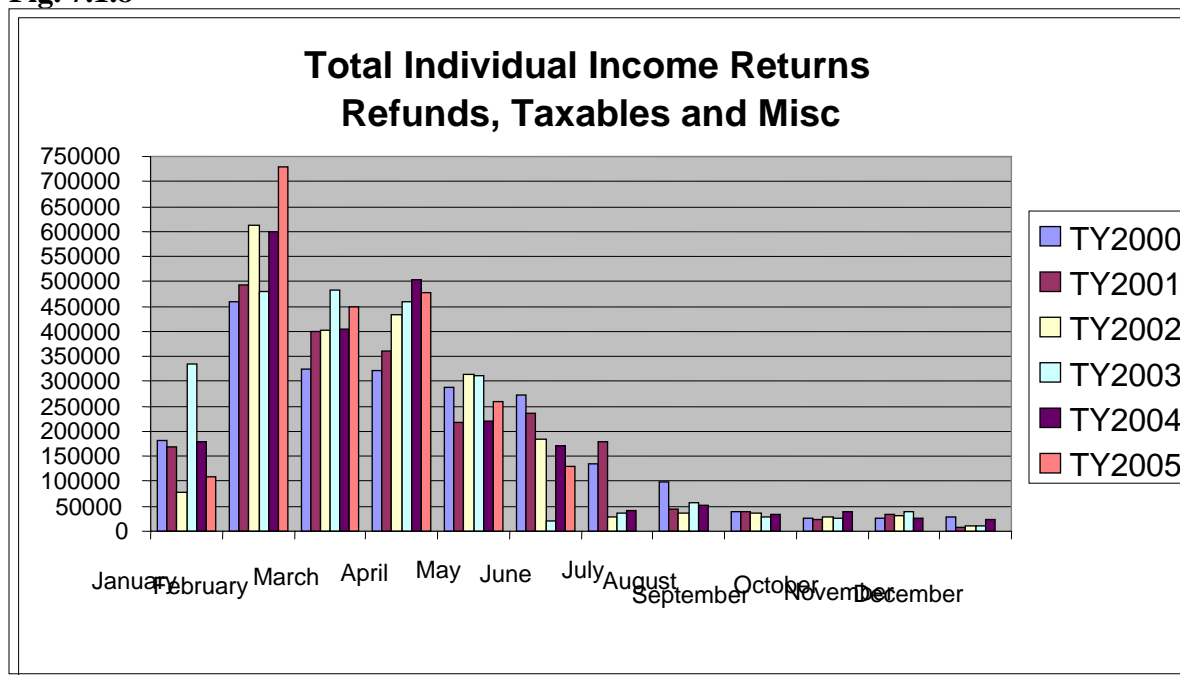


Fig. 7.1.9

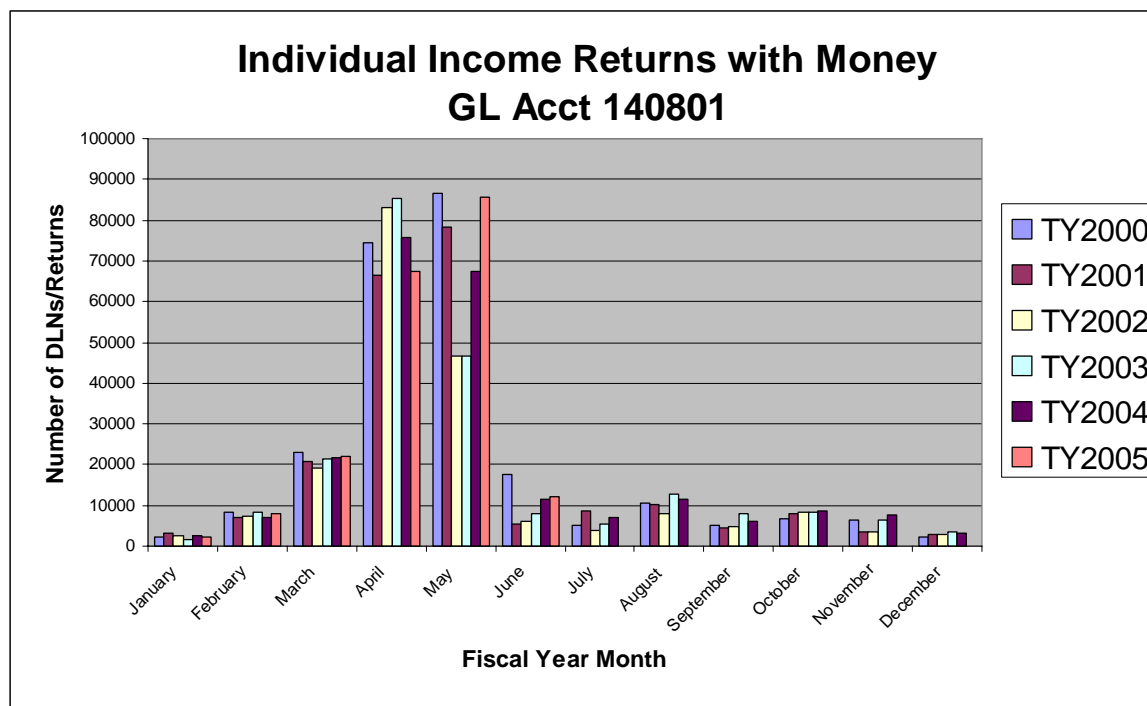


Fig. 7.1.10

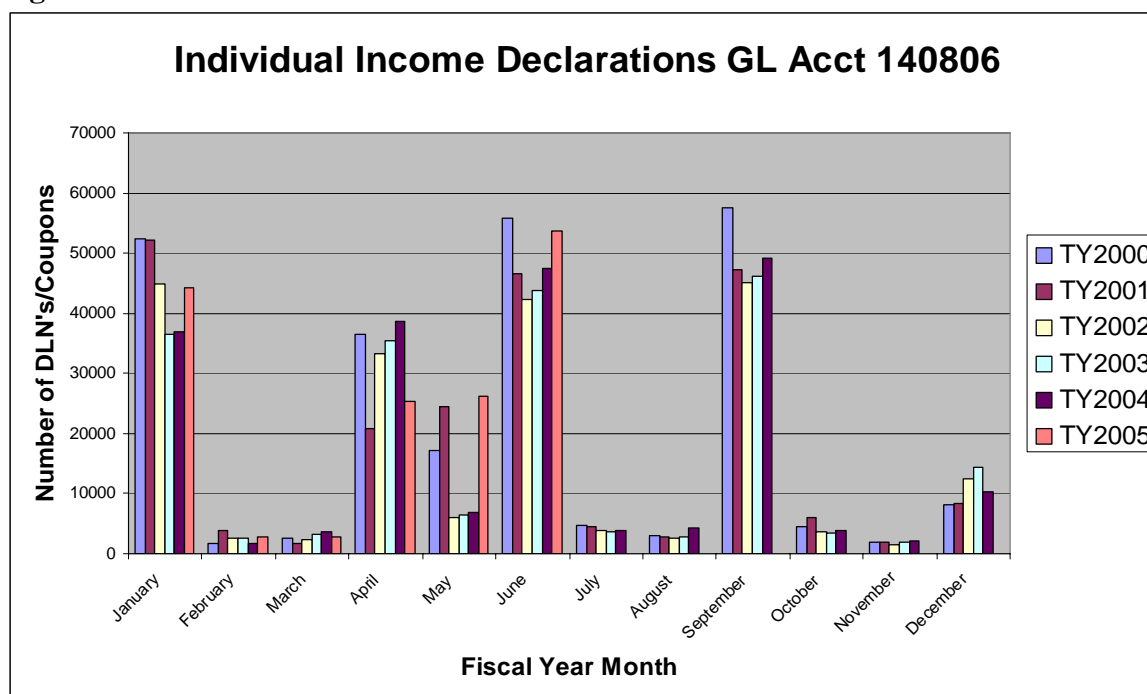


Fig. 7.1.11

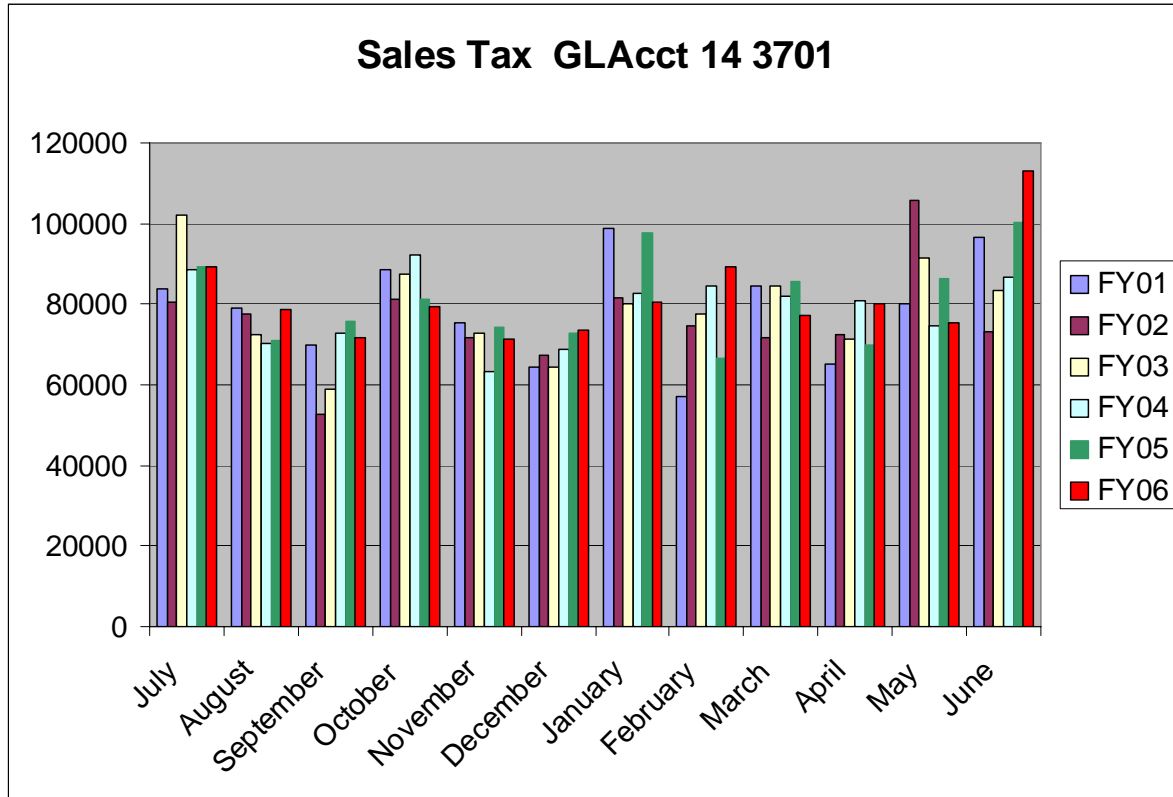
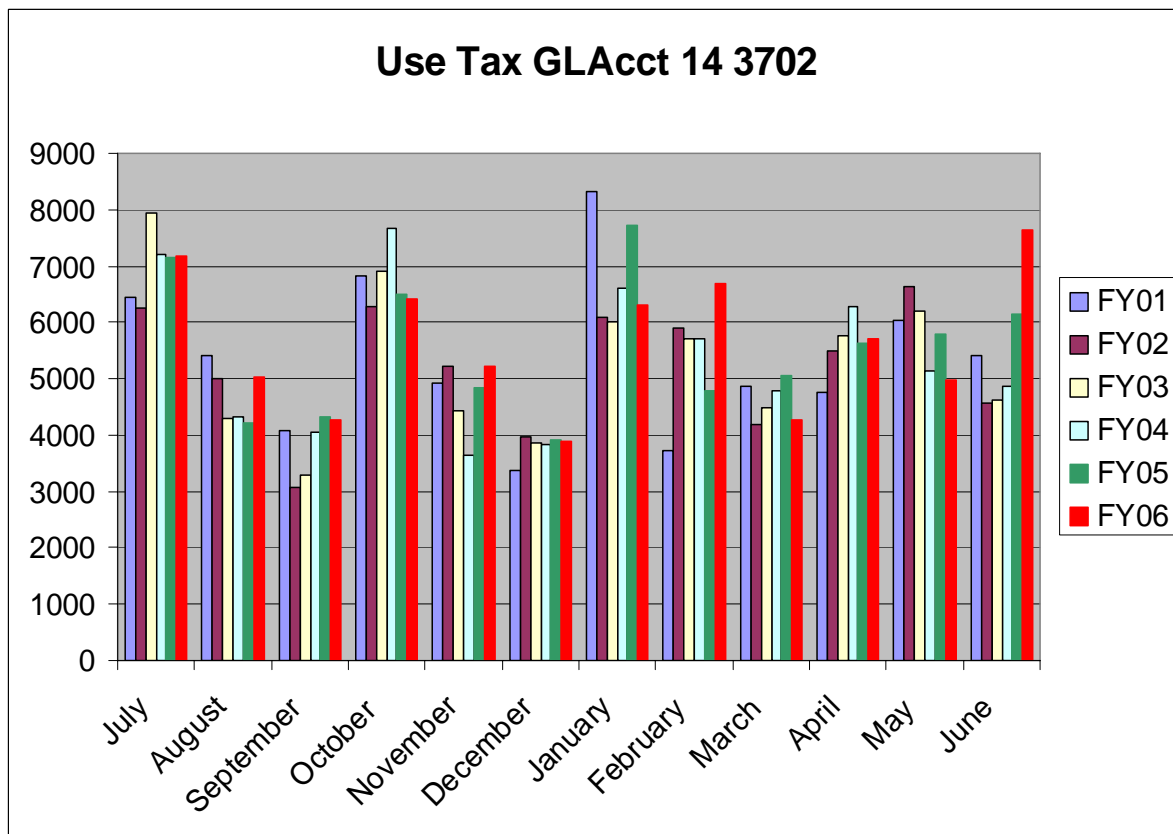


Fig. 7.1.12



7.1.13

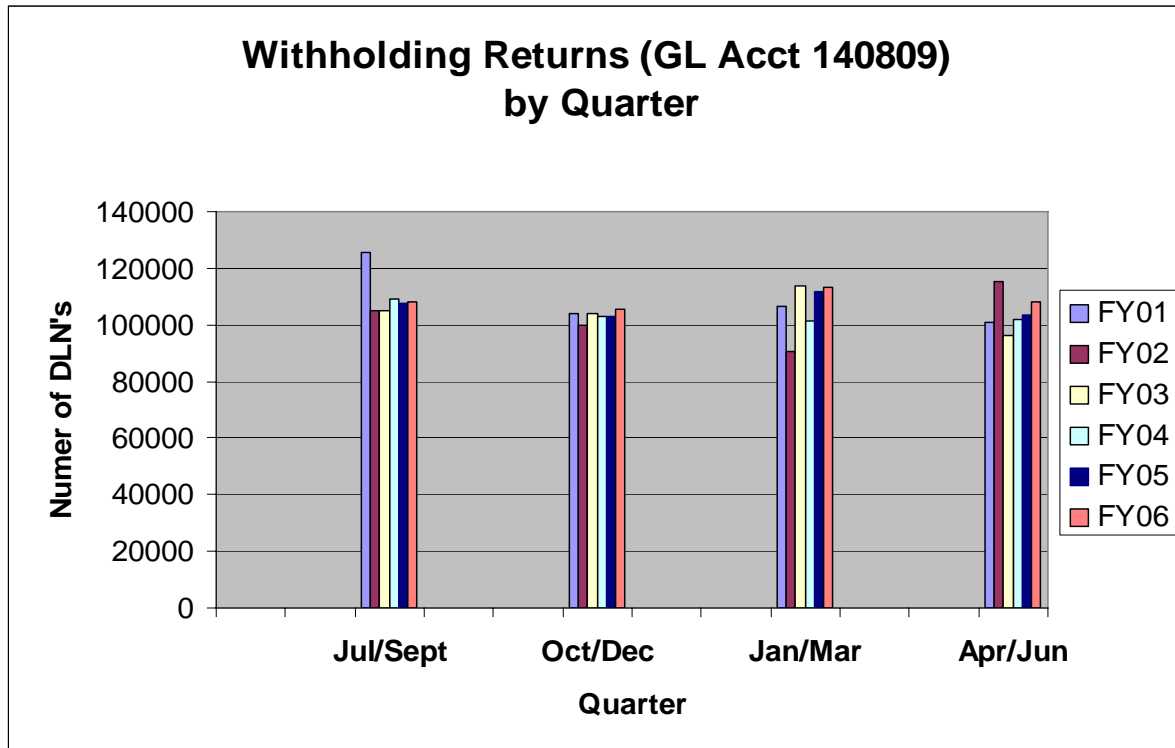


Fig. 7.1.14

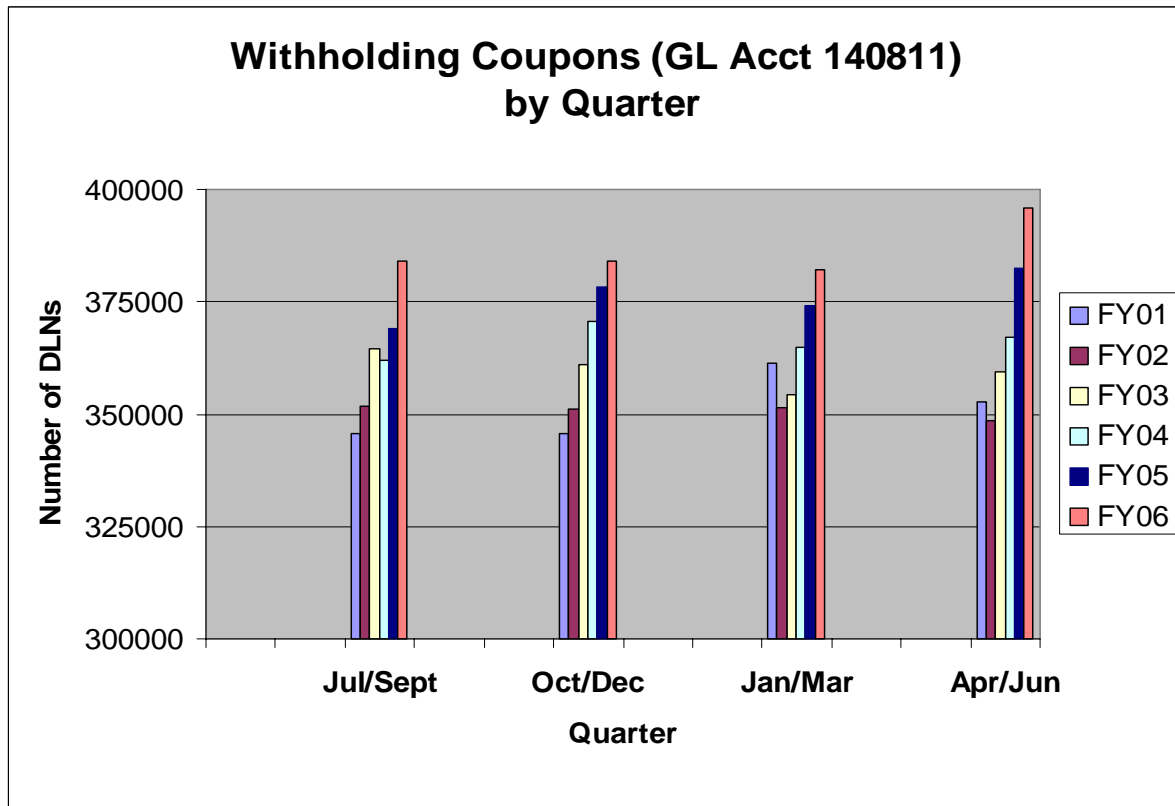


Fig. 7.1.15

7.2 Customer Satisfaction Results The agency continues to use a market based survey conducted by the University of South Carolina to determine customer satisfaction with service

delivery. The results of the survey (Figure 7.2.1) indicate that 88.5 percent of the time the agency met or exceeded the expectations with the service delivery. The trend over the past ten years continues to show positive results with our emphasis on customer service.

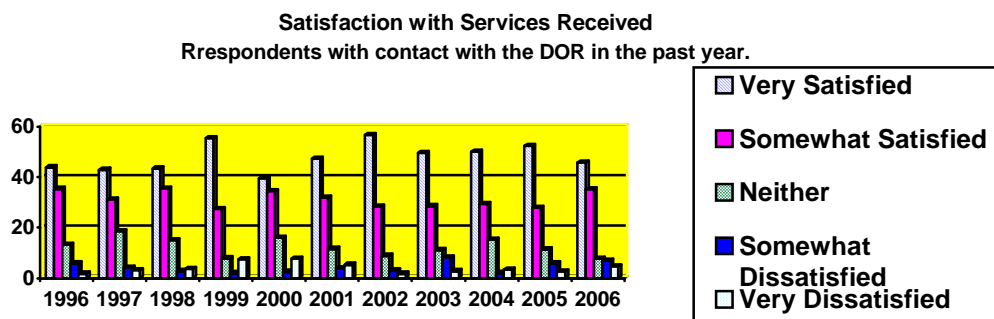
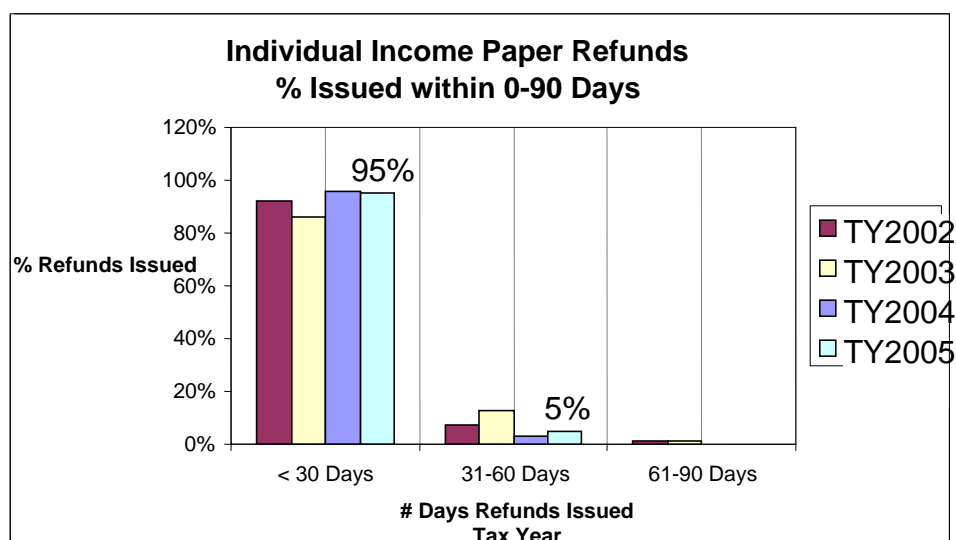


Fig. 7.2.1

Individual Income Tax filers are one of our largest customer segments. Receiving their refund quickly is their expectation and the DOR delivers. Figure 7.2.2 indicates that 100 percent of our income tax refunds are issued within 60 days from date of receipt in our Mail Center until the check is mailed or deposited (direct deposit) and 95 percent of those are issued within 30 days. Over the past few years, many process improvements have been implemented to reduce the time it takes to process paper returns.



	TY2001	TY2002	TY2003	TY2004	TY2005
< 30 Days	58.00%	92.00%	86%	96%	95%
31-60 Days	39.00%	7.00%	13%	3%	5%
61-90 Days	3.00%	1.00%	1%		
> 90 Days					

Fig. 7.2.2

In our electronic processing, Figure 7.2.3, we continue to issue refunds in a most timely fashion. 99.5% of our non-paper refunds are issued in under ten days. The USC survey asks how

satisfied respondents were with the refund cycle time. Figure 7.2.4 shows an astonishing 95.9% satisfaction rate with the time it took to receive their refund. This is particularly relevant in that we moved our processing section to the Market Pointe location during the IIT processing season.

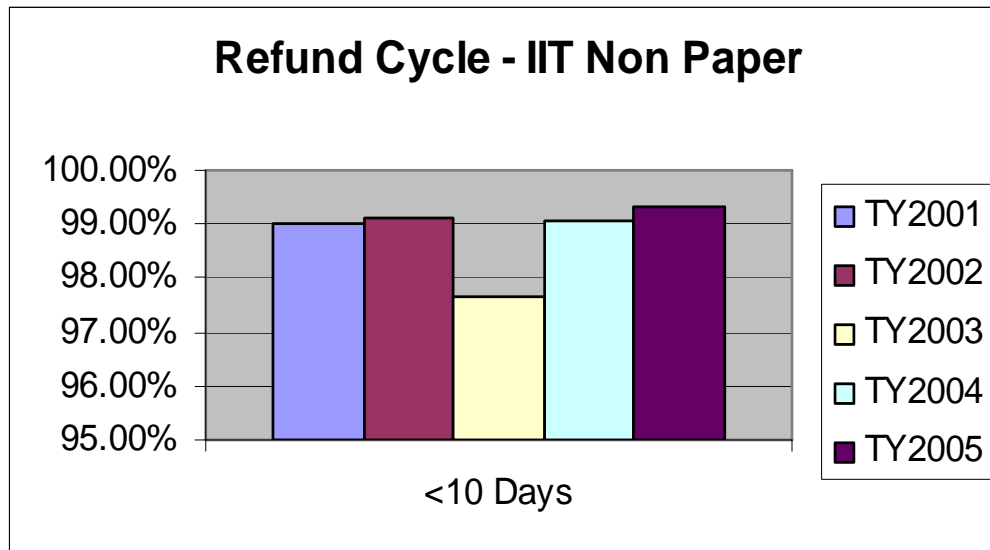


Fig.7.2.3

Satisfaction IIT Refund Cycle Time

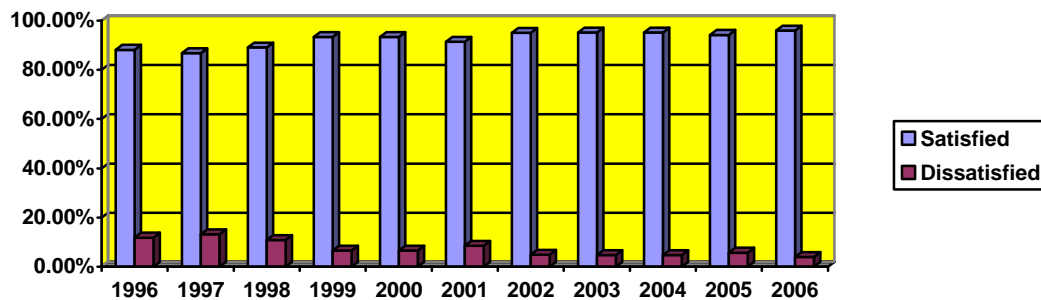


Fig. 7.2.4

Sales tax filers are our next largest customer group and again, refund cycle time is important to them as well. Figure 7.2.5 shows the refund cycle time over time.

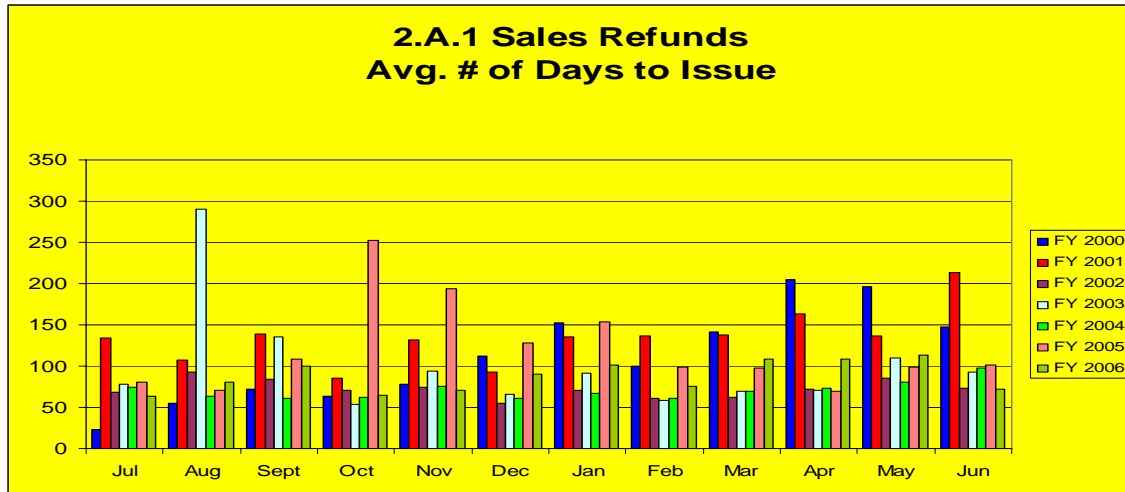


Fig. 7.2.5

7.3 Financial Performance Indicators: Figure 7.3.1 shows our cost for collecting \$1.00 of tax was \$.00655. This measure shows the effectiveness of our collection approaches.

Cost of Collections

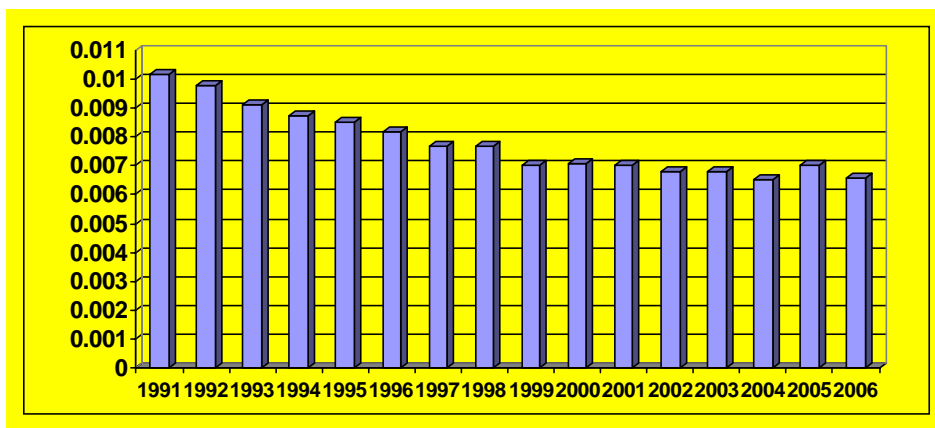


Fig. 7.3.1

The amount of dollars collected per filled full time employee, Figure 7.3.2, indicates our effectiveness and efficiency in the collection process of \$13.5 M per employee.

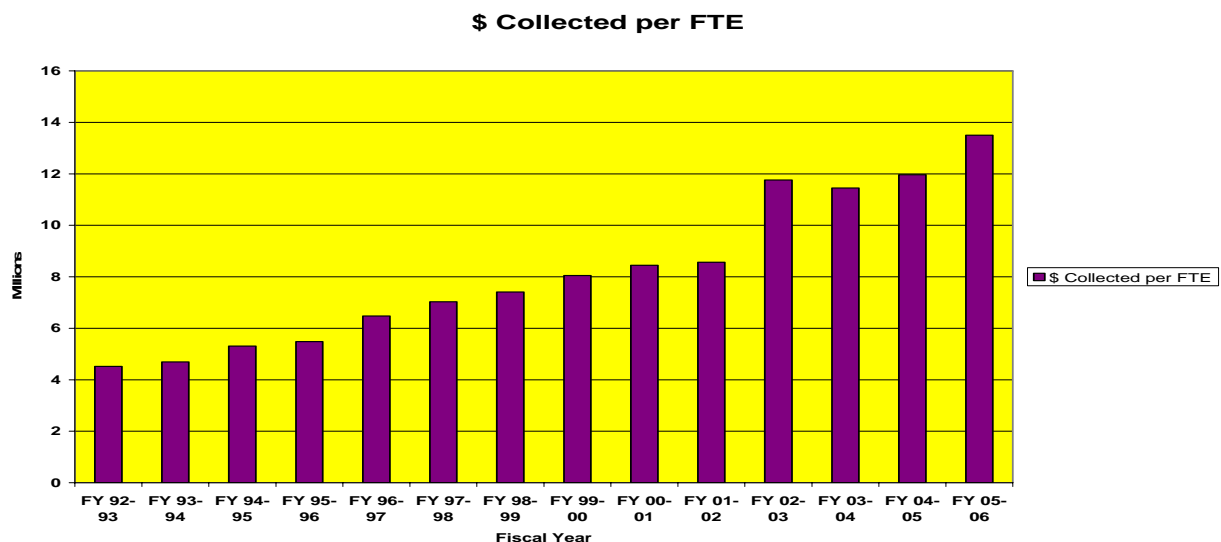


Fig. 7.3.2

The amount of interest lost monthly shows how effective and efficient we are with processing of checks and returns and getting state funds deposited. Figure 7.3.3 is a five-year comparison of the data. This information fluctuates with the changing interest rate, and the high points correspond to our peak processing times of tax returns.

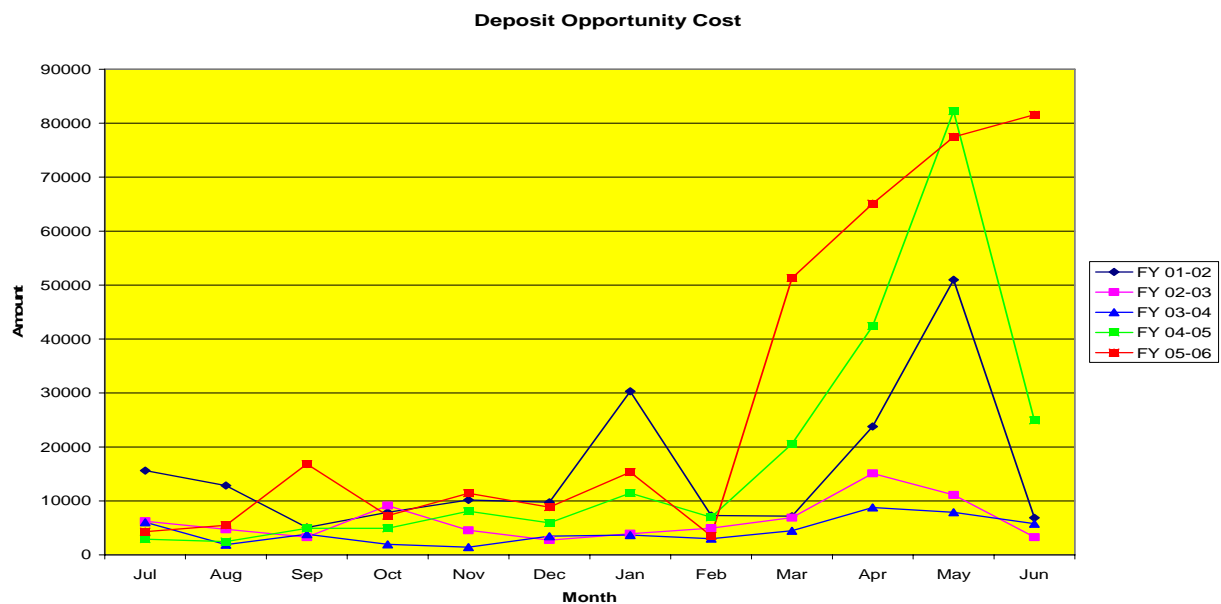


Fig. 7.3.3

Figures 7.3.4 and 7.3.5 indicate the growth in the dollars deposited electronically and in the various technological methods taxpayers used in paying their obligations this past year. Taxpayers using these “alternative” methods not only allow the DOR to both “get the money in the bank” quicker, but also process transactions quicker and virtually error free.

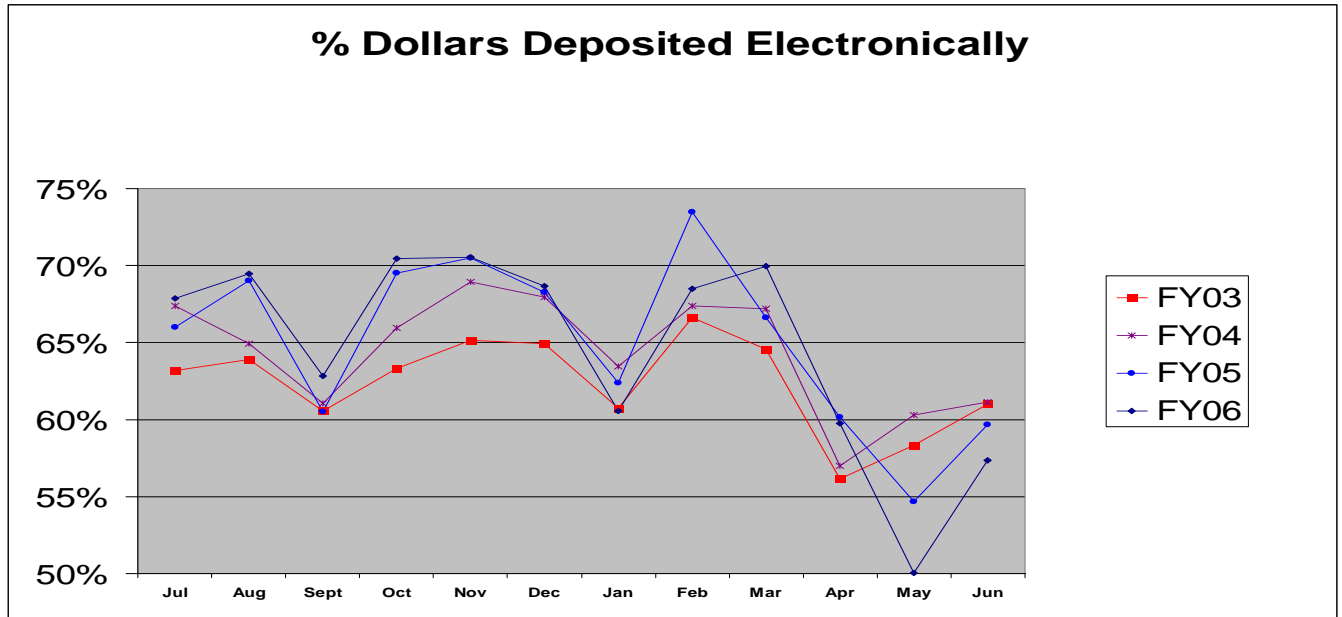


Fig. 7.3.4

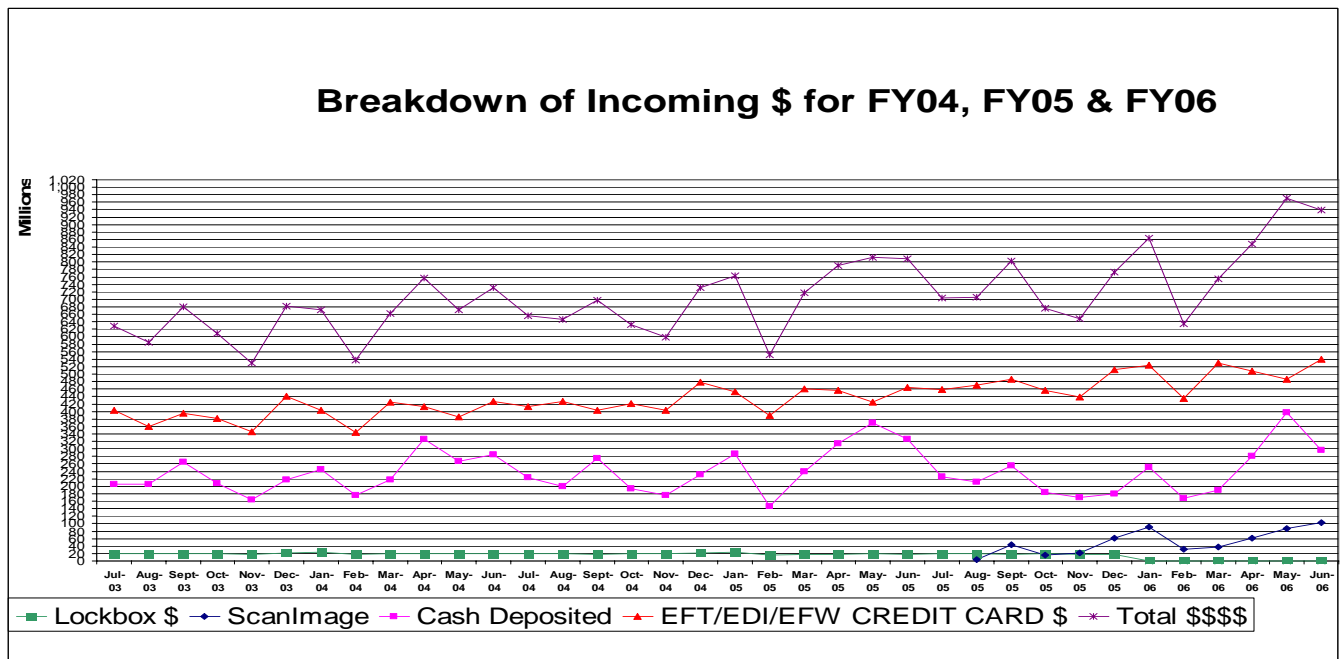


Fig. 7.3.5

7.4 Human Resource Results The measures we review for employee satisfaction are the number of employees voluntarily resigning (Figure 7.4.1) and sick leave usage. (Figure 7.4.2).

The number of resignations has remained stable with the exception of the several months that spiked due to RIF and release of probationary employees during 2001.

We measure the average sick leave usage, as that can be an early indicator of potential employee dissatisfaction. Special retirement and/or separation incentives impacted the average use as these separating employees often have a great deal of sick leave that is used in calculations for

retirement credit. This results in those hours being counted as “used.” Also, employees may donate leave to the agency leave pool. Donated hours are also accounted for as being “used.” These factors account for the spikes in December and June.

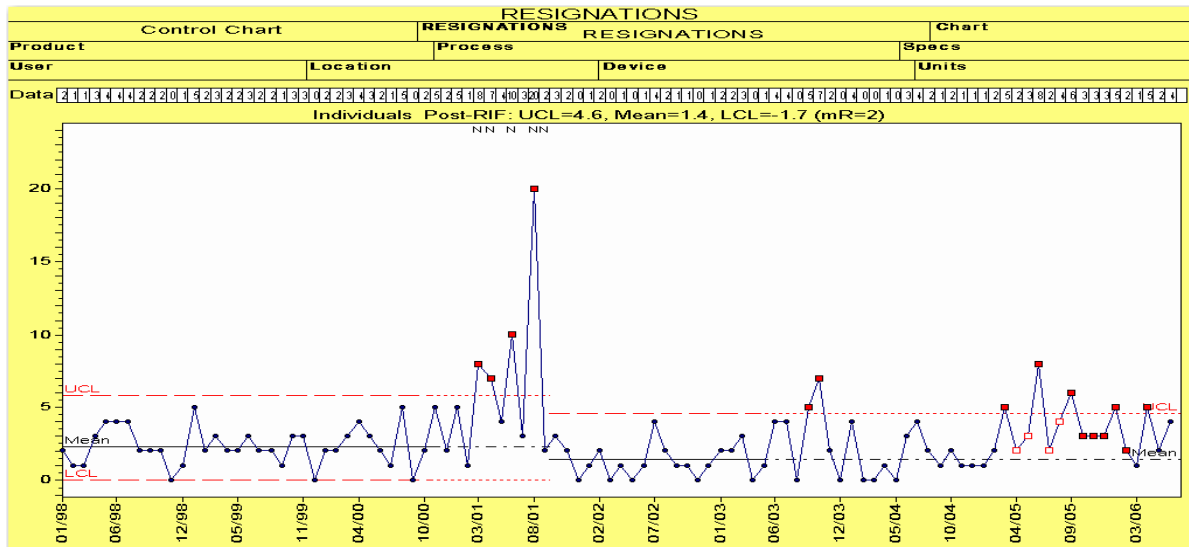


Fig. 7.4.1

Fig

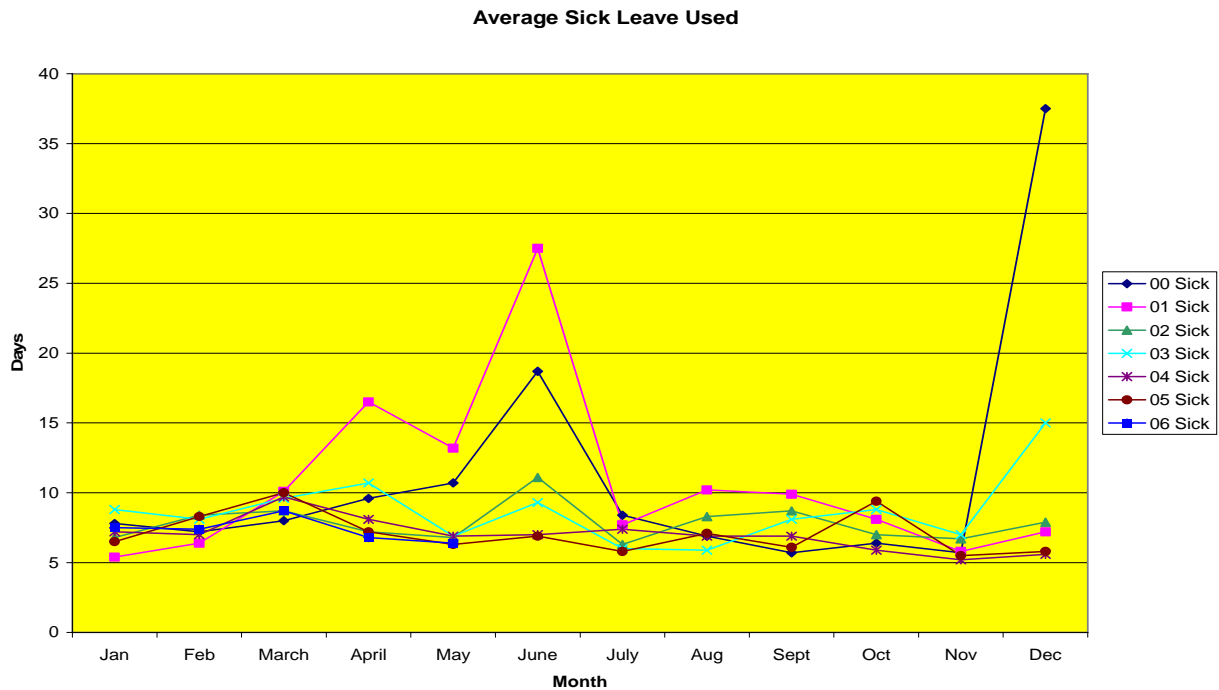


Fig. 7.4.2

Our Equal Employment Opportunity (Figure 7.4.3) statistics show that the agency has a 94.87% success rate as of June 2006 in attaining our affirmative action goal. The agency was ranked fourth among all state agencies with 501 - 1000 employees in the report submitted to the General Assembly in February, 2006.

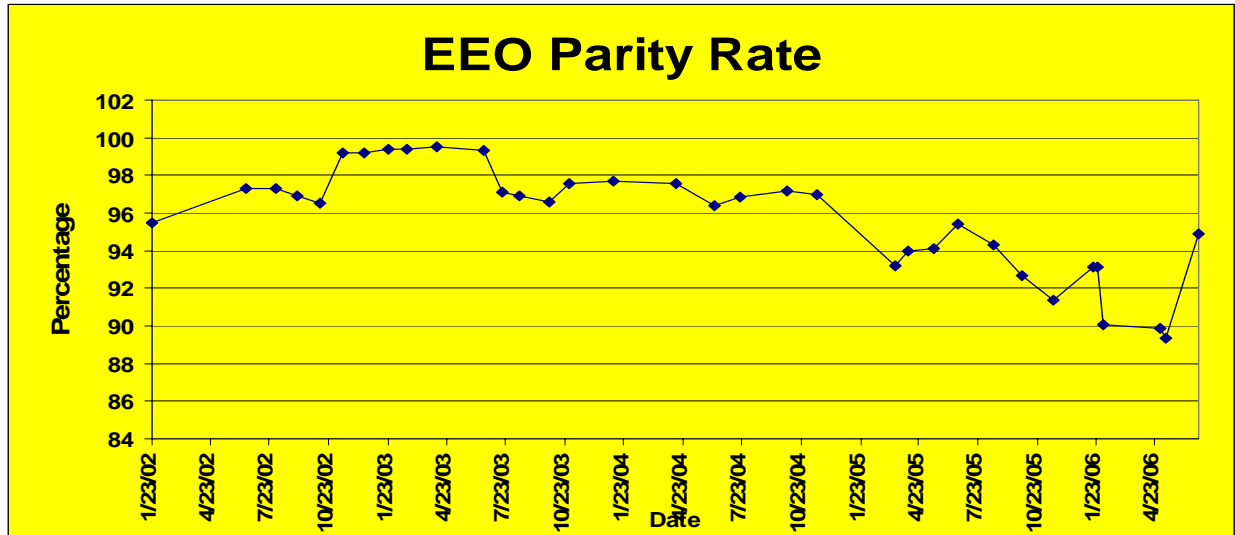


Fig. 7.4.3

7.5 Regulatory/Legal Compliance and Citizenship The agency has had no regulatory violations or significant findings by those external entities that are in positions to do so in the past fiscal year. Some of these entities include: State Auditor; Legislative Audit Council; Internal Revenue Service; Occupational Safety and Health Organization; State Materials Management; the Budget and Control Board, and State Fire Marshal.

We continue to support the community through our GEAR (Government Enterprise Accounts Receivable) and SCBOS programs. Currently we have 59 entities participating in GEAR. We have met with both Georgetown and Hampton counties along with the Assoc. of Counties to discuss their individual needs with GEAR. GEAR collections for FY 05-06 (Figure 7.5.1) amount to \$3,259,843.23.

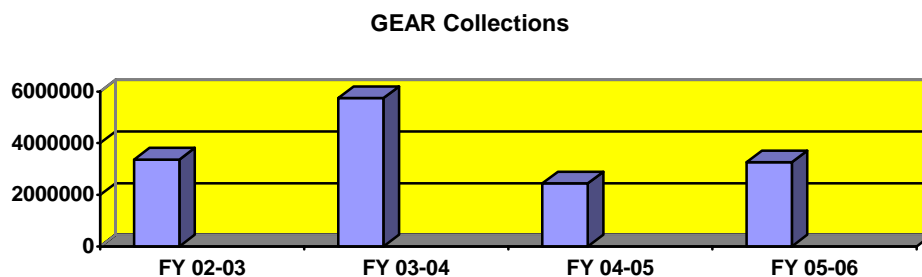


Fig. 7.5.1

Statistics for our SCBOS (South Carolina Business One Stop) registration program, that give an indication of our community support, are shown in the following charts. They include the Department of Revenue and the Secretary of State activities. The first chart (Figure 7.5.2) shows total new users registered in SCBOS. The total number of businesses approved (Figure 7.5.3), and total payments made (Figure 7.5.4) are the next charts. Figures 7.5.5 and 7.5.6 indicate new businesses approved by each agency as compared to paper registrations.

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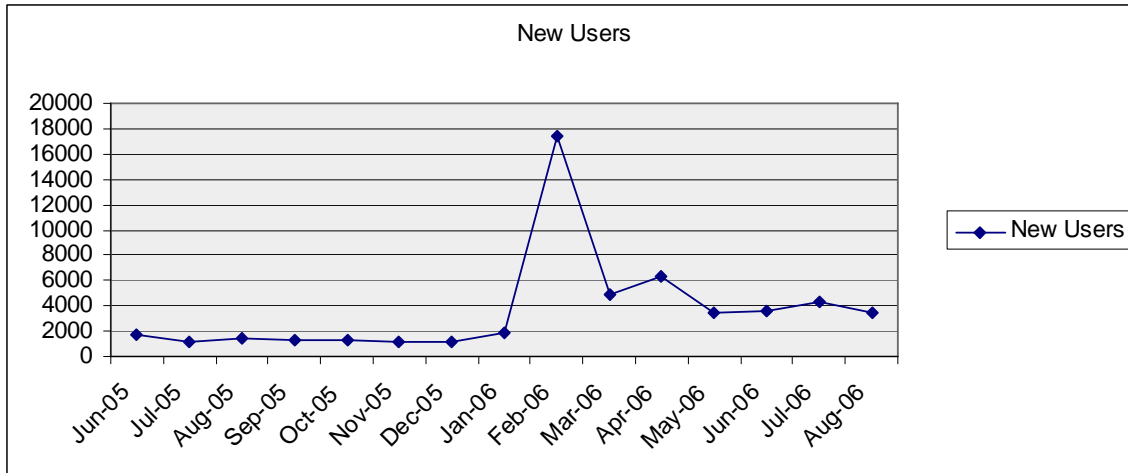


Fig. 7.5.2

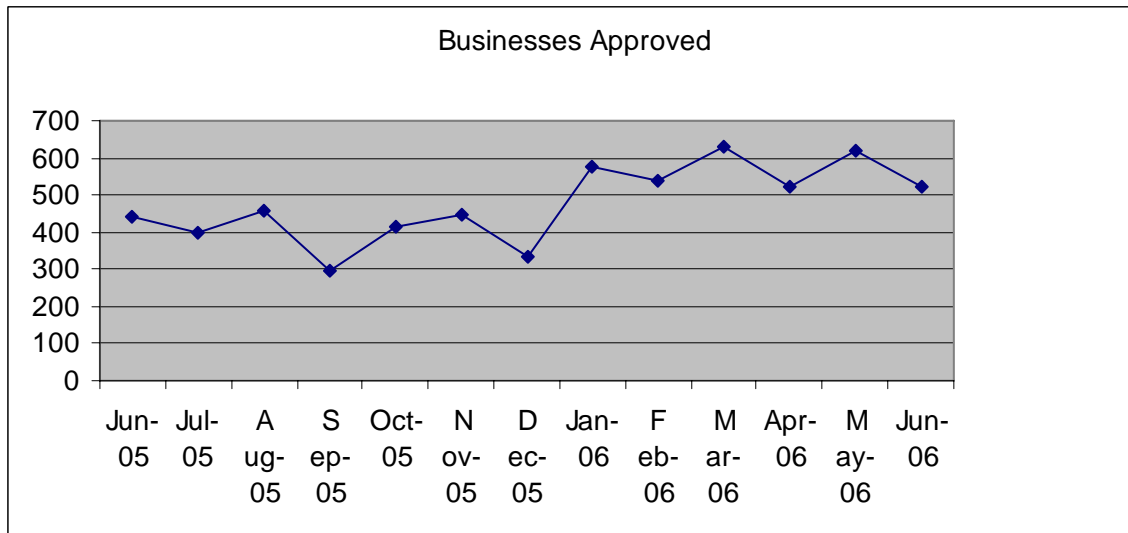


Fig. 7.5.3

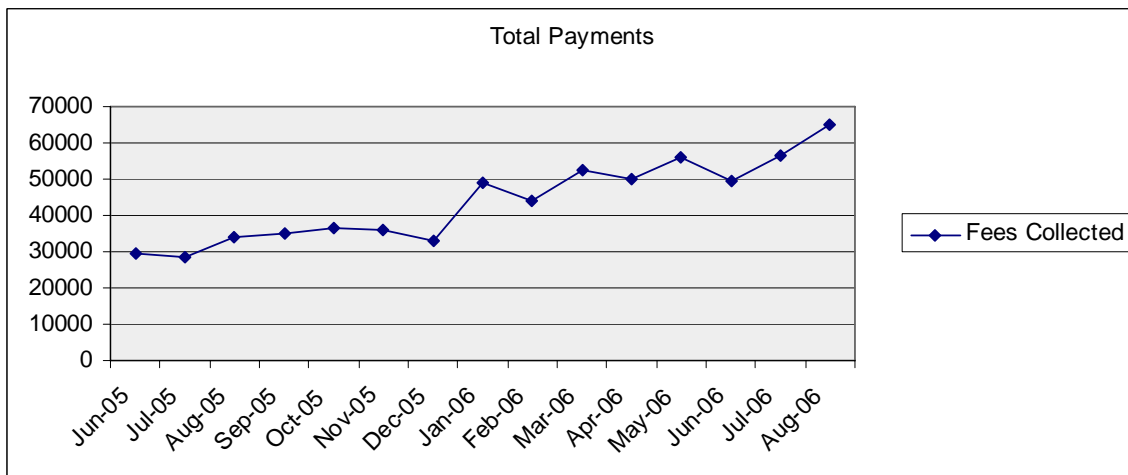


Fig. 7.5.4

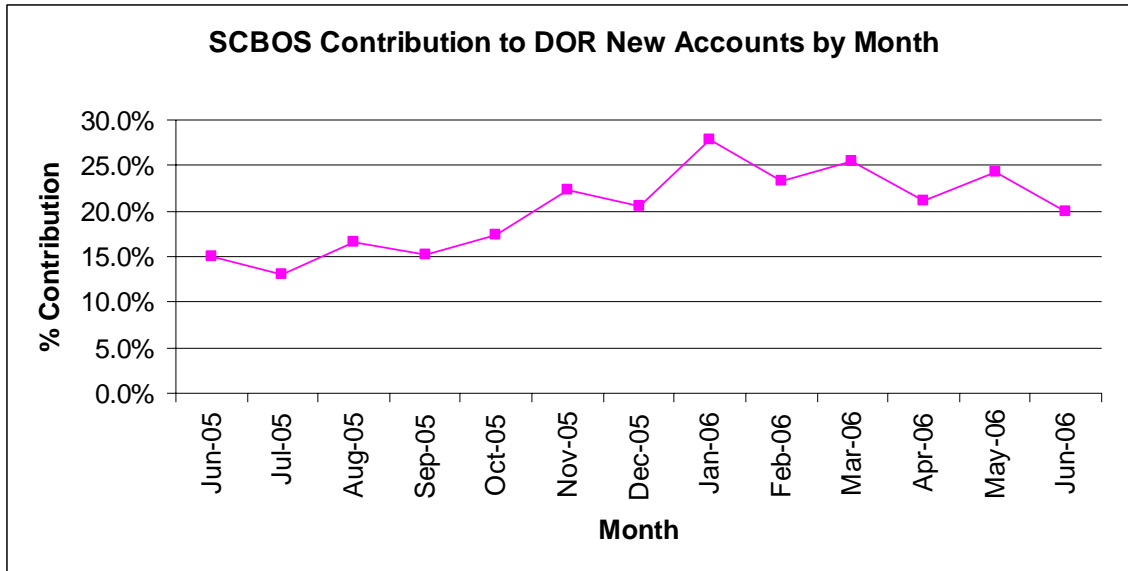


Fig. 7.5.5

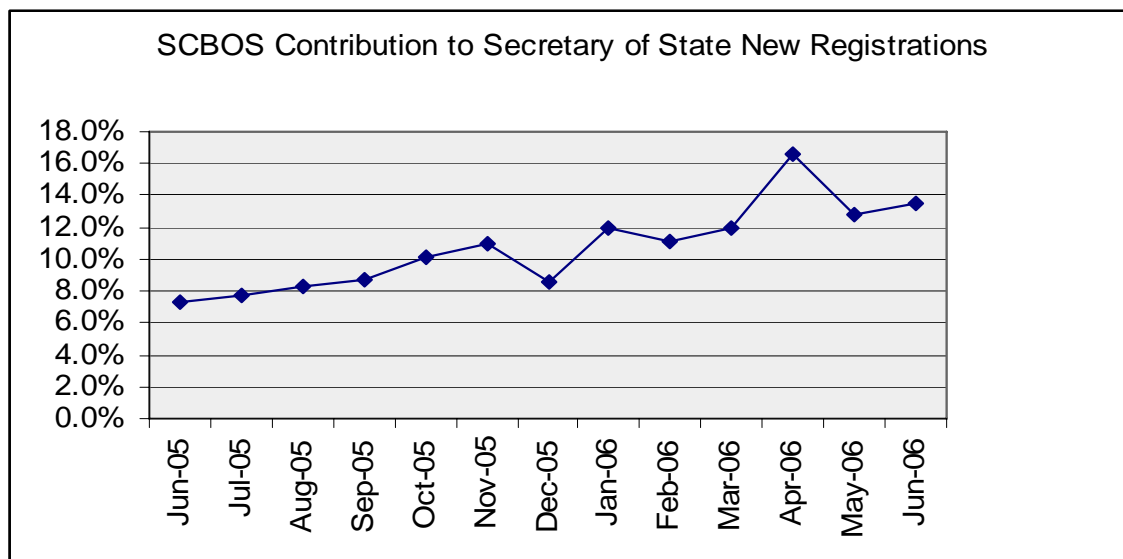


Fig. 7.5.6

The agency provides a service for stakeholders in the collection of debts for other governmental, health care and educational institutions through our debt setoff program. Under this program, these entities provide us with an electronic listing of their debtors and we match refunds against those lists to capture their refund and send them the amount seized. Figures 7.5.7 and 7.5.8 show the steady increase in the amount collected and the number of claimants participating in this program.

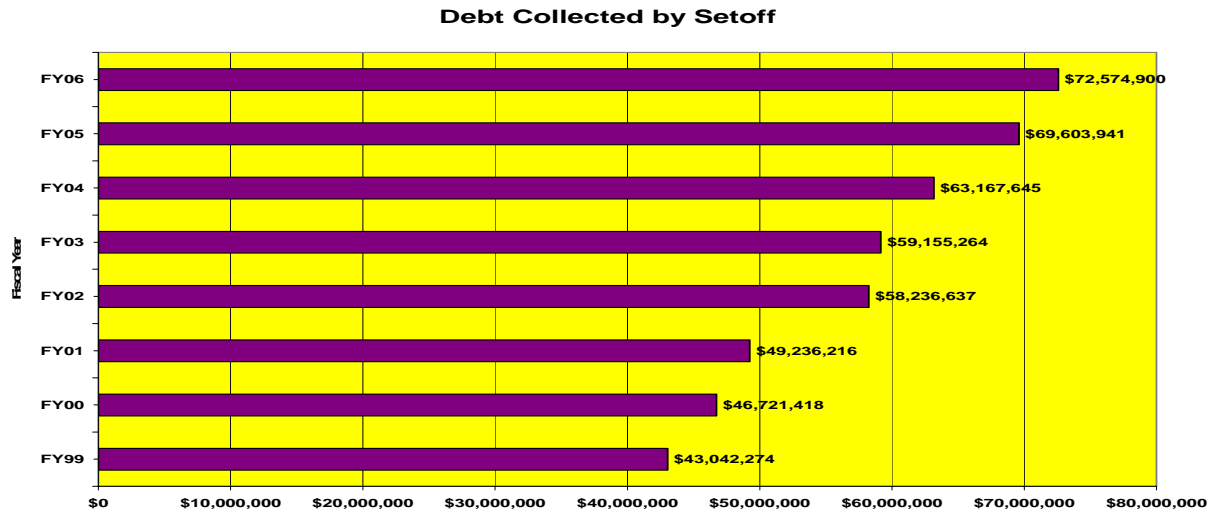


Fig. 7.5.7

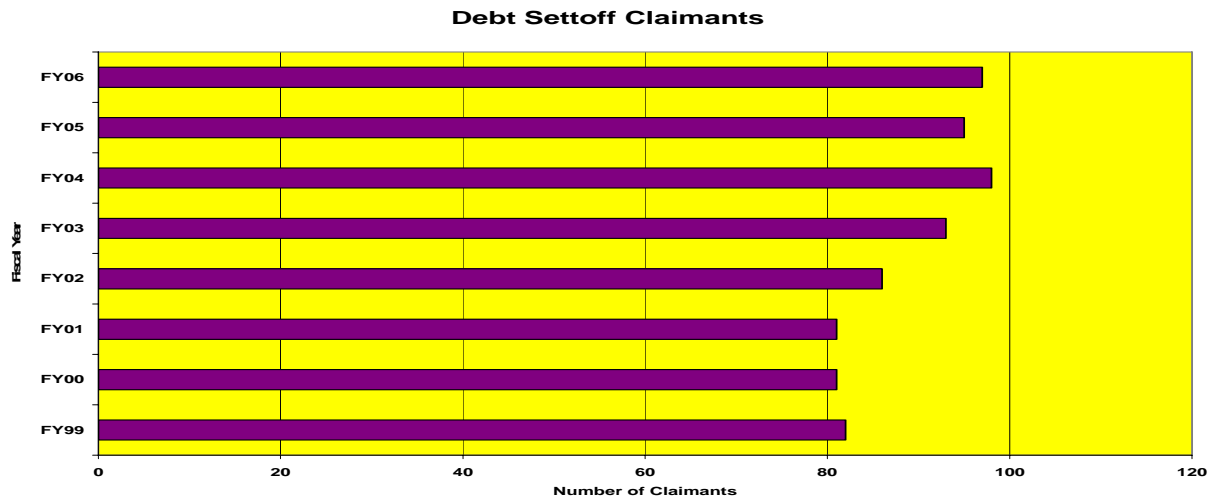


Fig. 7.5.8