SOUTH CAROLINA SECRETARY OF STATE

2007-2008 ACCOUNTABILITY REPORT

SEPTEMBER 15, 2008

Accountability Report Transmittal Form

Agency Name ___________SC Secretary of State________________________________

Date of Submission _______September 15, 2008__________________________________

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Secretary of State
2007-2008 Accountability Report

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I EXECUTIVE SUMMARY

1. Mission and Values

As set forth by the South Carolina Code of Laws, the Secretary of State is responsible for the statewide registration of corporations, Uniform Commercial Code interests, business opportunities, employment agencies, trademarks, notaries, and processing requests for cable franchise authority. The office handles the incorporation of municipalities and special purpose districts, the annexations of land, and the escheatment of real property in South Carolina. The Secretary of State is also the administrator and regulator of the Solicitation of Charitable Funds Act, and is responsible for the publication of positions within certain statewide boards and commissions.

MISSION STATEMENT

The mission of the Office of the Secretary of State is to provide innovative technology to enhance the process of accurately maintaining, preserving and making available essential records while serving the public by providing prompt, efficient, and courteous customer service in order to fulfill our statutory duties.

2. Major Achievements

Fiscal year 2007-2008 was an exciting year for the Secretary of State's office. Throughout FY 07-08, we focused on advances in technology that will provide even greater customer satisfaction.

In FY 07-08, the Secretary of State's Office continued to focus on improving customer service and efficiency. As in previous years, in FY 07-08, the agency returned more than four times its appropriations to the General Fund, $5,439,981. The agency continues to focus on achieving cost savings wherever possible while not compromising excellent customer service. Customer service continues to be the primary focus. The agency is continuing to develop technology solutions as part of an ongoing project to reduce the response time to our customers.

The Secretary of State's Office is primarily a customer service agency with some regulatory duties. In FY 07-08, the office processed 255,727 filed documents, and responded to over 95,376 phone calls concerning the office. With this high level of demand, the Secretary of State understands that constant improvements in technology are required to maintain excellent customer service. In FY 07-08, the office again focused its attention on e-government. Major achievements are listed below by division.

Administration

- The agency converted to the new statewide accounting system - SAP. This required the training of several employees and many process changes. Management anticipates a cost savings in the future as at a minimum the system promises a paperless process.
- The agency participated in training for the new statewide vacancy posting system to streamline the hiring process.
- The agency continues to utilize the state e-leave system to facilitate the posting and approval of employee leave and to ensure accurate record keeping.
- All employees were provided with updated position descriptions and EPMS documents.
- Management sponsored numerous employee appreciation initiatives as well as provided an avenue to recognize employees who perform well.

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Technology

The staff of the Secretary of State's Office is extremely excited about the new information technology initiatives in place. Staff continued to work with IT consultants throughout FY 07-08 to further enhance the technology infrastructure in the office that began last year including implementation of a secure domain, email enhancements, hosting of the agency website, a complete evaluation of existing systems, and the determination of future technology needs. The agency is prepared to launch a new website in August 2008, which not only provides enhanced services, but is a cost savings as well. During FY 08-09 more electronic capabilities will be offered through the new agency website. Theses enhancements will also include providing the capability to file online with the agency's Division of Public Charities.

Business Filings Division

- In FY 07-08, the office continued to see a high volume of Uniform Commercial Code (UCC) documents, processing over 129,000 documents. The South Carolina Code of Laws places responsibility on the Secretary of State's Office for the processing of all UCC filings for the State of South Carolina. The agency processes these documents within 24 hours.
- As of April 2008, the agency exceeded the 48 hour goal for business filings documents, processing the documents within 24 hours.
- Legal staff began a total overhaul of all business filings forms to update and ensure that all forms on the agency website were fill-able for the convenience of the customer.
- The agency celebrated the third anniversary of SCBOS.
- The agency continued providing a Business Filings phone room as many customers still wish to talk to a staff member or need more in depth assistance.

Charities Division

- Processed 17,293 filings in the division.
- Worked with a vendor to design new system that will allow on-line filing of charities forms to benefit customers.

- Worked closely with charities to help them understand the impact of Senate Bill 268 and to ensure that the transition from a uniform July 1st registration deadline to a deadline based on fiscal year end went as smoothly as possible.
- Implemented office policy to ensure compliance with Senate Bill 268, which simplifies the filing process for charities filing in South Carolina, and raises the exemption amount for smaller charitable organizations.
- Negotiated a settlement with a national telemarketer for $12,000.
- Returned $1,400 in contributions to South Carolina citizens that had been donated pursuant to a telemarketer's solicitations on behalf of an unregistered charity.
- Placed six national telemarketing companies on notice for failure to make statutorily required disclosures when soliciting contributions on behalf of charitable organizations.
- Negotiated a settlement in which 173 South Carolina citizens would be reimbursed a total of $3,515 for contributions that they donated pursuant to a telemarketer's solicitations on behalf of an unregistered charity.
- Assisted the South Carolina Department of Revenue in preparing a criminal case against a South Carolina charitable organization.
- Continued to provide an online charities database that allows donors to research charities and discern what percentage of the donor's contributions the charities allotted to their charitable causes.
- Continued the Secretary of State's Nonprofit Advisory Council to improve relations with charities and fundraisers, and to facilitate educated giving for donors.
- Published our annual Scrooges and Angels list, identifying those charities that spend most of their resources on their charitable cause and those charities that spend little or none of donors' contributions on their charitable cause.
- Produced public service announcements during the holiday season encouraging citizens to give wisely when donating to charitable causes.
- Collected $179,099 for violations of the Solicitation of Charitable Funds Act.
- Published a brochure to assist citizens in making informed decisions when donating to charitable organizations.

Trademarks Division

- Fiscal year 07-08 resulted in the largest number of arrests and largest number of total merchandise seized than any previous year.
- Fiscal year 07-08 was the second year since enactment of H3051, which revised the trademark law to include felony provisions for persons distributing or trafficking in counterfeit goods. This law permits coordination with the Department of Revenue and allows the Secretary of State to initiate investigations, with provisions for seizure and forfeiture of counterfeit property.

- Worked with local and federal law enforcement to enforce trademark laws and confiscate more than $5.5 million in counterfeit goods. In addition, these enforcement actions also resulted in 54 arrests.

Cable Franchise Authority

- Continued with the implementation of the South Carolina Competitive Cable Services Act (H4428), and continued to meet the requirements with an exceptional response time. The agency has met the stringent statutory guidelines with a compliance rate of 100 percent.
- In FY 07-08, the agency processed cable franchising applications affecting all 270 municipalities in South Carolina.

Notaries Division

- The agency continued our free statewide notary seminars, educating notaries on the legal and professional responsibilities of being a notary public. Attendance exceeded 1,400 individuals in FY 07-08.
- Revised the Notary Public Manual which is used to educate notaries on their duties and responsibilities.

The office provides the most efficient, innovative, and cost-effective means of registering, administering, maintaining, and disseminating filed information. Additionally, the office regulates public charities to educate and offer protection to the public. The Office of the Secretary of State provides excellent customer service while fulfilling the statutory duties of the agency.

3. Key Strategic Goals for Present and Future Years

Strategic or Long-Term Goals:

(1) Provide responsive and efficient customer service while fulfilling those duties set forth by the General Assembly for the benefit of all South Carolinians.

(2) Provide the technology infrastructure and solutions for the efficient operation of the office to serve customers in the most efficient manner.

(3) Enhance the regulation of public charities in South Carolina to ensure citizens have the best possible information when contributing funds to a charitable organization.

4. Key Strategic Challenges (mission, operational, human resource, financial, and community-related strategic challenges)

The office has strived to utilize technology to maintain customer service initiatives with an ever-increasing workload. Although the increased use of technology will save state funds in the future, providing technology solutions can be costly in the beginning stages.

Another major challenge is the lack of adequate staffing levels. The agency always strives to do more with less; however, not having the personnel needed to ensure separation of duties and focus on specific business areas is a challenge.

5. The Accountability Report

The annual accountability report has resulted in the use of more strategic planning and requires that management do an in-depth evaluation of all agency processes. The report process provides opportunities to improve office operations to allow more efficient processing of documents. Over time, data gathered for the report will be instrumental in managing resources and ensuring the highest possible return on investment to the State of South Carolina.

II ORGANIZATIONAL PROFILE

1. Main Products and Services

The Secretary of State is responsible for:

- the statewide registration of domestic and foreign corporations, limited liability companies, limited partnerships, limited liability partnerships, non-profit corporations and business trusts
- filing of Uniform Commercial Code security interests
- registration of charitable organizations soliciting in South Carolina
- regulation and investigation of those persons soliciting charitable donations in South Carolina
- registration of employment agencies
- registration of state trademarks
- investigation of counterfeit marks
- registration of notaries public, boards and commissions
- acceptance of service of process primarily for foreign corporations not authorized to do business in South Carolina
- registration of business opportunities
- issuing cable franchise authority applications and certificates

The office also handles in varying aspects:

- municipal incorporations
- special purpose districts
- annexations of land
- escheatment of real and personal property

2. Key Customers and Expectations

The Secretary of State's customer base is broad, primarily consisting of:

- taxpayers
- the business community
- the legal community
- the banking community
- corporate service companies
- notaries public
- charities
- employment agencies
- local and state government

Customers expect accurate, courteous and timely service from our agency which we strive to provide 100 percent of the time.

3. Key Stakeholders

All citizens of South Carolina including:

- taxpayers
- the business community
- the legal community
- the banking community
- corporate service companies
- notaries public
- charities
- employment agencies
- local and state government

4. Key Suppliers and Partners

Since our office is primarily a paper-based filing office, most of our suppliers are office product vendors ranging from paper suppliers to office machine maintenance companies. Where feasible we utilize registered small and minority businesses in South Carolina and state printing services.

The agency partners with other state agencies such as the Department of Revenue to promote statewide initiatives. Staff serve on various statewide boards and committees to ensure the best return to the taxpayers.

5. Operating Location

Suite 525 of the Edgar Brown Building, 1205 Pendleton Street, Columbia, SC 29201

6. Employees

As of June 30, 2008 we had the following staff:

- 29 full time employees in FTE positions
- 1 full-time hourly employee
- 2 part-time hourly employees
- 1 college intern

7. Regulatory Environment

- South Carolina Code of Laws and Regulations

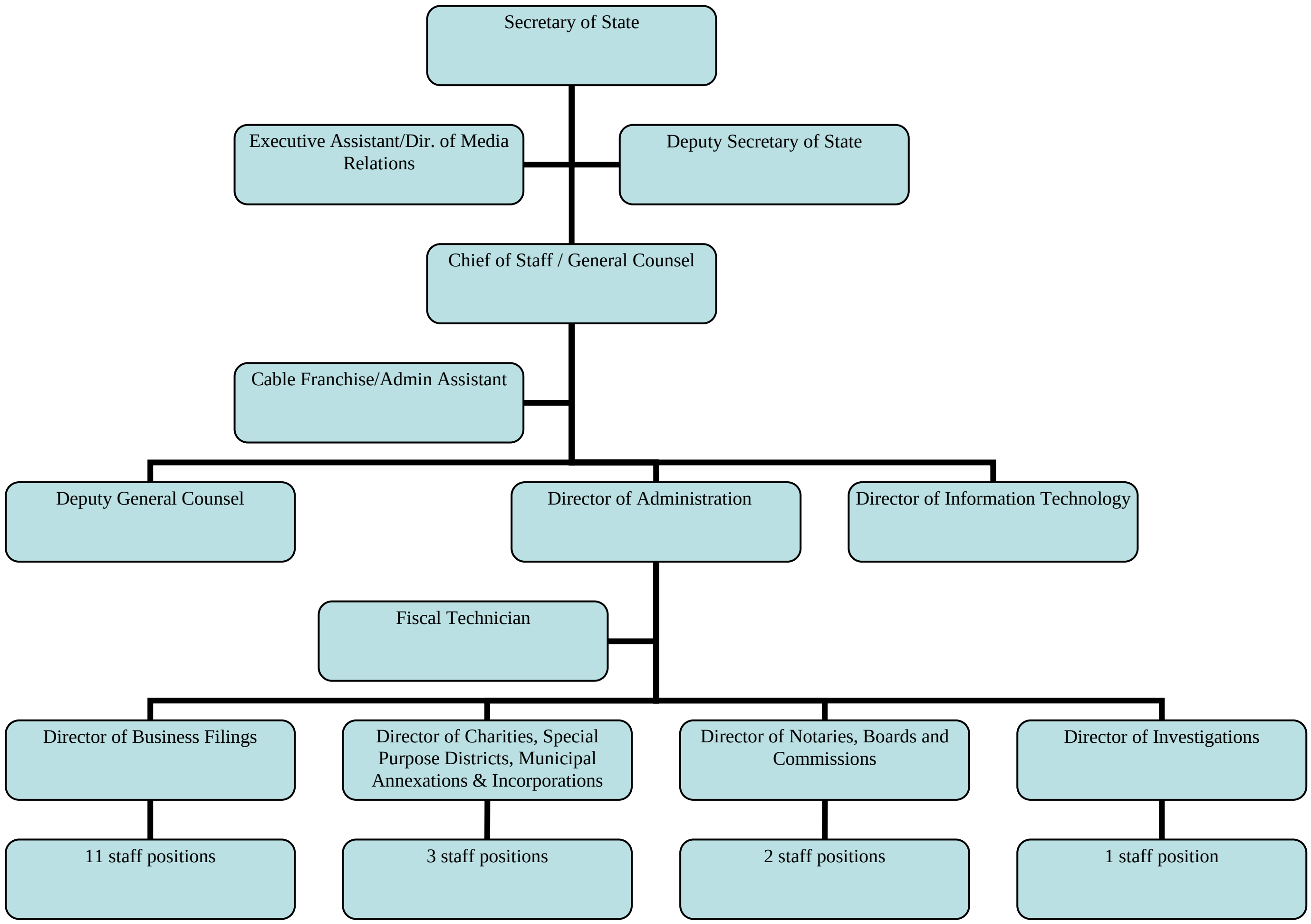
8. Performance Improvement System

The office continues to improve operations by contracting with a technology firm to automate as many functions as possible and provide superior customer service. The Secretary of State's Office is in the process of placing all our databases on our website to allow customers direct access to current and historical information.

Through South Carolina Business One Stop (SCBOS) we continue to offer e-government opportunities to our customers, and this service is growing. SCBOS now provides an automated interagency process for Administrative Dissolution, which is the result of a joint effort between the Secretary of State's Office and the Department of Revenue.

In FY 07-08, the Business Filings Division will continue its customer service phone room for quick information or document orders. Although our website offers our databases and the majority of our customers use the site for information instead of calling, we have found many customers still prefer to call. While we will maintain this service as needed, we intend to expand the information available to customers on our webpage. In addition, we plan to update all filing forms to reduce the number of errors made by customers when completing the forms to enable the office to process the information in a timely manner.

9. Organizational Structure



10. Accountability Report Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 06-07 Actual Expenditures		FY 07-08 Actual Expenditures		FY 08-09 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$ 1,118,225	$ 666,967	$ 1,173,268	$ 764,188	$ 1,193,549	$ 756,139
Other Operating	$ 450,997	$ 69,065	$ 764,369	$ 143,307	$ 879,717	$ 104,717
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	$ 303,476	$ 192,039	$ 349,279	$ 232,566	$ 361,067	$ 245,219
Non-recurring						
Total	$ 1,872,698	$ 928,071	$ 2,286,916	$ 1,140,061	$ 2,434,333	$ 1,106,075

Other Expenditures

Sources of Funds	FY 06-07 Actual Expenditures	FY 07-08 Actual Expenditures
Supplemental Bills	$ -	$ -
Capital Reserve Funds	$ -	$ 211,375
Bonds		$ -

11. Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 06-07 Budget Expenditures	FY 07-08 Budget Expenditures	Key Cross References for Financial Results*
I Administration	Corporate and UCC filings; charity and fundraiser regulation; administration of notary laws; regulation of trademarks; administration of municipal incorporation, annexation and special purpose districts laws.	**State: $ 928,070** **Federal: 0.00** **Other: $944,628** **Total: $1,872,698** **100% of Total Budget:**	**State: $1,140,061** **Federal: 0.00** **Other: 1,146,855** **Total: 2,286,916** **100% of Total Budget:**	Category 7 section 3

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

* 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 CRITERIA

Category 1 – Leadership

1. *How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term direction and organizational priorities, b) performance expectations, c) organizational values, d) empowerment and innovation, e) organizational and employee learning, and f) ethical behavior?*

Senior management meets regularly with supervisors and staff to promote two-way communication. The Chief of Staff and Director of Administration are involved in the day-to-day operations of the agency, as well as in the long-range planning for the agency's continued success. Senior staff has worked hard to build an atmosphere that encourages teamwork and high productivity.

The Employee Performance Management System (EPMS) has been revamped for the agency ensuring that all employees are provided a clear and concise document detailing performance expectations. Employees are encouraged to provide feedback and suggestions to improve processes and inspire efficiency. In addition, employees are encouraged by senior management to explore learning opportunities. Management leads by example in the area of ethical behavior by maintaining open communication and open records as would be expected of any public entity.

2. *How do senior leaders establish and promote a focus on customers and other stakeholders?*

Our most important organizational goal is providing superior customer service to all stakeholders and communicating this expectation to all staff on a daily basis. In addition, management leads by example in responding to inquiries from the public and other officials.

3. *How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?*

The office maintains high workflow standards to ensure that documents are processed in a timely manner, and that the business community and members of the public receive the required services.

4. *How do senior leaders maintain fiscal, legal, and regulatory accountability?*

Fiscal, legal, and regulatory accountability are maintained through adherence to all state and federal codes, regulations, and policies including utilizing the state procurement, accounting and human resource systems.

5. *What key performance measures are regularly reviewed by your senior leaders? (Actual results are to be reported in Category 7).*

Data accuracy, processing times, employee performance, and customer service levels are constantly reviewed and reassessed to ensure maximum productivity.

6. *How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization, including the head of the organization? How do their personal actions reflect a commitment to the organizational values?*

Management uses weekly staff reports and meetings with staff members to improve performance and awareness of office issues. Management maintains an open door policy and promptly addresses concerns of staff members. Senior leaders show their commitment to the organizational values by working as a close team and meeting weekly to do whatever is necessary to accomplish the organization's mission.

7. *How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?*

We consistently review all employee position descriptions to determine areas where we could enhance employee learning, provide feedback, or provide cross-training opportunities.

8. *How do senior leaders create an environment for performance improvement, accomplishment of strategic objectives, and innovation?*

We accomplish this through an open door policy where all employees can share ideas and concerns. In addition, management encourages employees to seek training opportunities and cross train throughout the office.

9. *How do senior leaders create an environment for organizational and workforce learning?*

We accomplish this with cross-training throughout the agency and by providing training opportunities for staff.

10. *How do senior leaders communicate with, engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?*

Senior leaders constantly are striving to improve communication between staff to further the mission of the agency. The open-door policy has been critical in creating the productive atmosphere in the agency. During the year we had employee appreciation lunches and management always shares commendation letters received with the entire agency to highlight employee achievements.

11. *How to senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.*

Senior leadership supports the community through customer service initiatives and personal involvement in our communities. We encourage all employees to be active in the community including supporting employees in religious and charitable activities, and volunteer opportunities.

The Secretary of State is involved with various organizations, including the following:

Secretary of State Mark Hammond is an ex-officio member of the South Carolina Consumer Affairs Commission and Legislative Council, served as Chairman of the International Relations Committee for the National Association of Secretaries of State, of which he currently serves as the Chairman of the Standing Committee on Business Services. He has served as a Spartanburg GOP Committeeman, the third Vice President of the South Carolina Association of Countywide Elected Executives, and a delegate to the 2004 and 2008 Republican National Conventions. Secretary Hammond is a member of the Lions Club, was named an Outstanding Alumnus by the South Carolina Shrine Bowl for Public Service, a Henry Toll Fellow by the Council of State Governments, recipient of the Sesquicentennial Medal of Honor Award, and named a Rising State Leader by the Canadian Embassy and Canadian Consulates General.

Category 2- Strategic Planning

Strategic Planning			
Program Number and Title	**Supported Agency Strategic Planning Goal/Objective**	**Related FY 07-08 Key Agency Action Plan/Initiative(s)**	**Key Cross References for Performance Measures**
1 Administration	Continue efforts to improve efficiency	Continue support of information technology initiatives in the office	7.1-1 7.1-5 7.1-7 7.3-1
1 Business Filings	Allow enhanced electronic customer filings	Enhanced the SCBOS filing system and continued to work with partners on development	7.1-1 7.1-2 7.1-3

1 Business Filings	Maintain expedited processing time for all filings	Expanded cross-training to reallocate staff in order to process workload	7.1-1 7.1-2 7.1-3
1 Notaries and Apostilles	Education of notaries public on their duties and responsibilities	Continued offering free notary seminars throughout the state	7.1-9
1 Charities, Special Purpose Districts, Municipal Incorporations and Annexations	Enhance charities database to allow customers to view suspended charities	Utilize staff expertise to configure database to allow searches by outside customers	7.1-4 7.1-5 7.1-6 7.1-7
1 Trademarks, Service Process, Employment Agencies & Business Opportunities	Promote enforcement of trademark legislation providing increased penalties for violations	Continue to coordinate efforts between law enforcement and the Secretary of State's Office to enforce trademark legislation and training	7.1-8

1. *What is your Strategic Planning process, including key participant, key process steps, and how does it address:*
   a. your organizations' strengths, weaknesses, opportunities and threats;
   b. financial, regulatory, societal and other potential risks;
   c. shifts in technology, regulatory, societal and other potential risks, and customer preferences;

d. workforce capabilities and needs;
e. organizational continuity in emergencies;
f. your ability to execute the strategic plan.

All levels of management are involved in our strategic planning process, incorporating both employee and customer feedback. Managers and employees monitor our customers' demands through personal contact during the day and by recording complaints and suggestions. Employee input is also a factor. Management regularly meets to discuss how this impacts our office and influences our strategic plan.

2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary?

In order to keep up with the constant changes in technology and to provide the level of service for our customers, improvements in our computer systems and applications are a priority. In a small agency with such a high volume of work processed via computer systems, it is critical to provide the necessary technology, but difficult to do on a lean budget. In addition, the small number of staff within the office creates challenges in fulfilling all of our statutory duties.

3. How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of these plans?

The agency develops and tracks action plans through communication with all staff and customers. Resources are allocated as needed based on the urgency of the action items and customer demand.

4. How do you communicate and deploy your strategic objectives, action plans and related performance measures?

We deploy action plans through active communications between all levels of management and staff.

5 How do you measure progress on your action plans?

We measure progress on our action plans by regularly reviewing statistics. Our primary focus is meeting customer needs. We have daily contact with our customers and we evaluate whether the needs of those customers are being met. If we encounter customer complaints, we evaluate whether action plans need to change, and decide what steps need to be taken to improve customer satisfaction.

6. How do you evaluate and improve your strategic planning process?

We measure progress by the monitoring of status reports and weekly meetings. Whenever possible, the agency reviews barriers to organizational effectiveness and initiates objectives to address those barriers. As organizational barriers change from time to time the agency constantly evaluates strategic objectives and changes them accordingly.

7. If the agency's strategic plan is available to the public through the agency's internet homepage, please provide an address for that plan on the website.

Our strategic plan is not available to the public at this time. We will continue to work on our strategic objectives and make those available. We do provide information about our agency's mission on our website at www.scsos.com.

Category 3- Customer Focus

1. *How do you determine who your customers are and what their key requirements are?*

Our customers and requirements are mandated by statute.

2. *How do you keep your listening and learning methods current with changing customer/business needs and expectations?*

We keep methods current through customer feedback, customer inquiries, and training for professional groups.

3. *What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?*

Customers may call or email our staff. We also have a feedback mechanism on the website which allows customers to submit questions for staff and provide comments. We evaluate any problems that customers have in filing documents and address the concerns. We also offer electronic filing for some services to customers to allow those who prefer on-line services.

4. *How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?*

We measure customer satisfaction through constant customer interaction. Senior leaders respond daily to customer inquiries from our webpage and monitor whether there are areas that need improvement. In addition, senior staff meets with all managers and employees to determine customers concerns and satisfactory resolutions.

5. *How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?*

We receive customer feedback via telephone calls, letters, and through our website. Suggestions and concerns are analyzed for ways to enhance the services that we provide.

6. *How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.*

We build positive relationships through responsive customer service and constantly strive to offer new and innovative ways for customers to file documents.

Category 4- Measurement, Analysis, and Knowledge Management

1. *How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?*

We decide which operations to measure based on requirements as provided by statutes. All functions of the office are statutorily mandated with some having time limits on filings and response times.

2. *How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision and innovation throughout your organization?*

We monitor workloads by division, as well as by processing times. Supervisors are responsible for notifying senior management of work flow statuses in weekly reports. These reports tell us where our greatest needs are and allow us to reallocate resources to areas with the greatest workload to ensure efficient processing of documents.

3. *What are your key measures, how do you review them, and how do you keep them current with organizational needs and direction?*

Our primary measures are:

- number of filings
- number of searches
- length of time between filing and data entry
- average customer wait time in our phone room
- revenue collected through fees
- registered charitable organizations
- administrative fine revenue from charities
- prosecutions of charity fraud and counterfeit trademarks
- employee turnover and morale

These measurements are the most critical ones to our mission. Our history in filing and regulating has shown us that these measurements are the most important to not only analyze past performance, but to predict future trends. The measurements directly relate to our mission of providing the most cost-efficient and consumer-friendly service in state government. Finally, this data is used by all senior leaders, including Secretary Hammond, to make agency decisions and policy changes.

4. *How do you select and use key comparative data and information to support operational and strategic decision making and innovation?*

For comparative data we look to our past performance and also outside sources. Although we do not have a natural competitor, we do compare our services to those offered by other secretary of states' offices. While duties vary by state, many secretaries of state offer expedited filings for an extra fee, but we offer 48 hour service at no charge. This is important since many of our customers (banks, lawyers, and corporations) deal with many different secretary of states' offices.

5. *How do you ensure data integrity, timeliness, accuracy, security and availability for decision making?*

We ensure data measures through the use of innovative technology whenever possible. All current and future system requirements include the ability to produce data for decision making. In FY 07-08, new technology measures include the installation of a new firewall and secure domain to ensure the integrity of agency data.

6. *How do you translate organizational performance review findings into priorities for continuous improvement?*

The agency uses this information to set priorities and goals for the agency.

7. *How do you collect, transfer, and maintain organizational and employee knowledge (your knowledge assets)? How do you identify and share best practices?*

We maintain employee knowledge by offering new training opportunities as well as cross-training throughout departments within the agency. In addition, all EPMS planning stages include requirements for division manuals, where relevant, for future knowledge sharing.

Category 5- Workforce Focus

1. *How does management organize and manage work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) to promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?*

We organize workloads based on supervisor input and statistics. We utilize employees where most needed. We also give options to employees to work in areas where they wish to gain additional knowledge. Cross-training is conducted by an employee's peer, which fosters teamwork and cooperation. In addition, employees are encouraged to offer innovative strategies to enhance or streamline the processes on which they are trained.

2. *How do you achieve effective communication and knowledge, skill/best practice sharing across departments, jobs, and locations? Give examples.*

We implemented a cross-training program throughout the agency. With a small staff providing numerous services utilizing cross-training is critical to ensure customer service goals are met.

3. *How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.*

With such a small staff, we do not have a high rate of turnover. When a position becomes available, we recruit and hire through the new Office of Human Resources NeoGov system. The barriers that we face are trying to find staff who can perform many different duties and possess a variety of job skills because of our limited number of full time employee (FTE) positions.

4. How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

We utilize data from processing times as well as input from supervisors. When changes need to be made or additional training needs to be provided, we take the necessary steps to ensure that the agency has the staff member assigned to the duties that lead to the most productivity in the agency.

5. How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

The emphasis that the senior management team places on the importance of the EPMS is related to supervisory staff and employees. In order to improve performance and address the needs to the agency, good two-way communication is essential.

6. How does your development and learning system for leaders address the following:

a. development of personal leadership attributes;
b. development of organizational knowledge;
c. ethical practices;
d. your core competencies, strategic challenges, and accomplishment of action plans?

Leaders are encouraged to attend seminars and complete training that will enhance the agency work environment. The two agency attorneys attend Continuing Legal Education classes, which include ethics training. Senior management also lead by example.

7.   How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training

Our training needs are determined by the area of the office involved. Where outside training applies to our office's functions, employees are encouraged to actively participate. Our charities staff is active in the National Association of State Charity Officials, participating in conference calls, and also in Internal Revenue Service video seminars. Our Chief of Staff is a graduate of the Executive Institute, and has been re-appointed by Governor Sanford to serve on the E-Government Oversight Committee. Our Charities Division supervisor is a Certified Public Manager. Finally, our attorneys attend continuing legal education training relevant to our office's mission.

We continue to emphasize internal training. New employees are assigned to a supervisor to learn our system. Experienced employees are cross-trained, effectively improving morale while also providing the office the ability to shift employees when the situation demands it. Cross-training also broadens our employees' knowledge of the office and enables them to advance through the organization.

8. How do you encourage on the job use of new knowledge and skills?

There is an expectation of sharing knowledge within the agency. Senior management stresses the importance of teamwork. In order for the agency to succeed, each division must work together to meet the overall goals of the agency. Senior staff realizes that each staff member contributes to the overall success of the agency.

9. How does employee training contribute to the achievement of your actions plans?

Employee training is critical to meet the agency's goals. Because the agency has many duties it is critical that training be an ongoing process.

10. How do you evaluate the effectiveness of your workforce and leader training and development systems?

Meeting the needs of our customers with excellent customer service combined with timely processing times are the goals of the agency. Continuing to meet these expectations is a result of the guidance provided by senior management and supervisors.

11. How do you motivate your employees to develop and utilize their full potential?

Dealing with customers while doing your work all day is trying; so, to help motivate, managers work beside their employees and step in when help is needed, encouraging a positive work environment. In fact, most of the office is physically designed in an open environment allowing employees to easily interact and not feel "closed off". All employees understand that it is best to ask questions, and that no door is closed to inquiries**.**

Senior leaders encourage employees to pursue training opportunities and offer incentives to employees who perform well. During FY 07-08, senior leaders sponsored several employee appreciation gatherings, became involved in employee training programs and worked side-by-side with all employees to support learning efforts. Employees have also been recognized in front of their peers for jobs well done.

12. What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you use this information?

We maintain an open door policy for employees with senior management and periodically meet with employees to discuss their work environment and encourage employees to expand upon their knowledge. We discuss training opportunities and future goals.

13. How do you manage effective career progression and effective succession planning for our entire workforce throughout the organization?

With such a small agency there are a limited number of job openings. However, with agency wide cross-training, staff learns new skills that enable them to grow within the agency as new opportunities arise.

14. How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters).

A healthy, safe work environment creates high morale. Our staff normally does not get involved in work activities that have a high rate of injury. We will continue using Prevention Partners' materials to promote healthy lifestyles. We also created an emergency preparedness plan for the agency. We are constantly looking at ways to offer some protection for staff. With the high volume of walk-in customers we serve daily, security is a concern. We have experienced instances where it was necessary to contact the Bureau of Protective Services; however, they are not located in our building. This makes ensuring staff safety a daily challenge.

Category 6- Process Management

1. How do you determine, and what are your organization's core competencies, and how do they relate to your mission, competitive environment, and action plans?

Our agency's core competencies are dictated by statute. All of the agency's duties are statutorily mandated. We utilize our action plans and mission statement to accomplish our goals directly related to our core competencies.

2. How do you determine, and what are your key processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure that these processes are used?

Since all of our staff members are in direct contact with customers all day, our processes are designed with the customer in mind.

Services we continued this year were:

- a format for our forms so that our customers could complete them on the computer screen while on our website
- a corporate phone room to quickly facilitate questions
- searchable corporate, UCC and charities databases on our website
- debit accounts for our larger business customers in our Business Filings division
- a toll-free number in our charities division for customer inquiries and complaints

Our corporate phone room is staffed and designed to handle the large volume of calls concerning various corporations and filings. We set up our website so customers may access forms, filing instructions, fees or our databases from their computer. The charities division has a toll-free line to handle consumer calls and the division's database is on our website with information on how much a charity raised in donations and how much was spent towards its charitable cause.

All of these services add value for our customers and directly relate to our core competencies in that the services are provided to offer excellent customer service while meeting our statutory duties.

3. How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors such as cycle time, into process design and delivery?

We incorporate organizational knowledge with our training systems and utilize the knowledge of long time employees. We also utilize new technology initiatives to improve efficiency and effectiveness.

4. How does your day-to-day operation of these processes ensure meeting key performance requirements?

We monitor daily statistics on computer systems and workload amounts to determine where resources are needed to meet performance requirements.

5. How do you systematically evaluate and improve your key product and service related processes?

We constantly monitor customer feedback as well as other state agencies and secretary of state's offices throughout the country for better ways to deliver our products and services. This process allows us to not only react quickly to customer demands, but also to anticipate changing demands and act on them before they occur.

6. What are your key support processes and how do you improve and update these processes to achieve better performance?

Our key support management comes from administration – senior leadership. All senior leaders monitor production measurements in order to ensure quality service and to shift resources accordingly. We do not closely monitor process systems with key suppliers as we use only a few of these suppliers irregularly throughout the year.

7. *How does your organization determine the resources needed to meet current and projected budget and financial obligations?*

The Director of Administration maintains financial information on all agency activities. She approves all purchase/expenditure requests based on resources available and provides periodic updates on financial conditions to the rest of the management team.

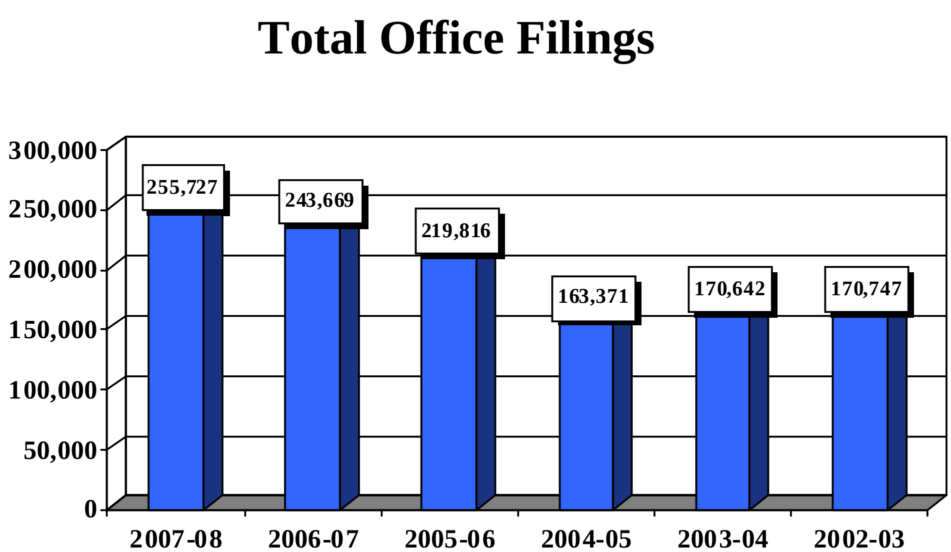
Category 7 – Business Results

7.1 *What are your performance levels and trends for the key measures of mission accomplishment/product and service performance that are important to your customers? How do your results compare to those of comparable organizations?*

To fully appreciate the accomplishment of our mission, the volume of work and how quickly we process our workload, it is important to note the large volume of documents received for filing. Our customers are primarily business customers who need to have their documents handled quickly and efficiently.

Measuring the number of filings processed in the office helps us to properly allocate our resources (staff, operating expenses) to provide quality customer service.

7.1-1

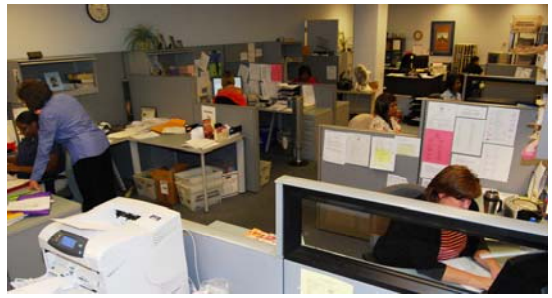


We continue to see a large volume of filings throughout the office. In FY 07-08 the office filed 255,727 documents to meet statutory requirements set forth by the General Assembly. To put this in perspective, that amounts to approximately 300 filings per employee per week. Staffing shortages could greatly impact agency responsiveness, thus requiring leadership staff to manage resources as efficiently as possible.

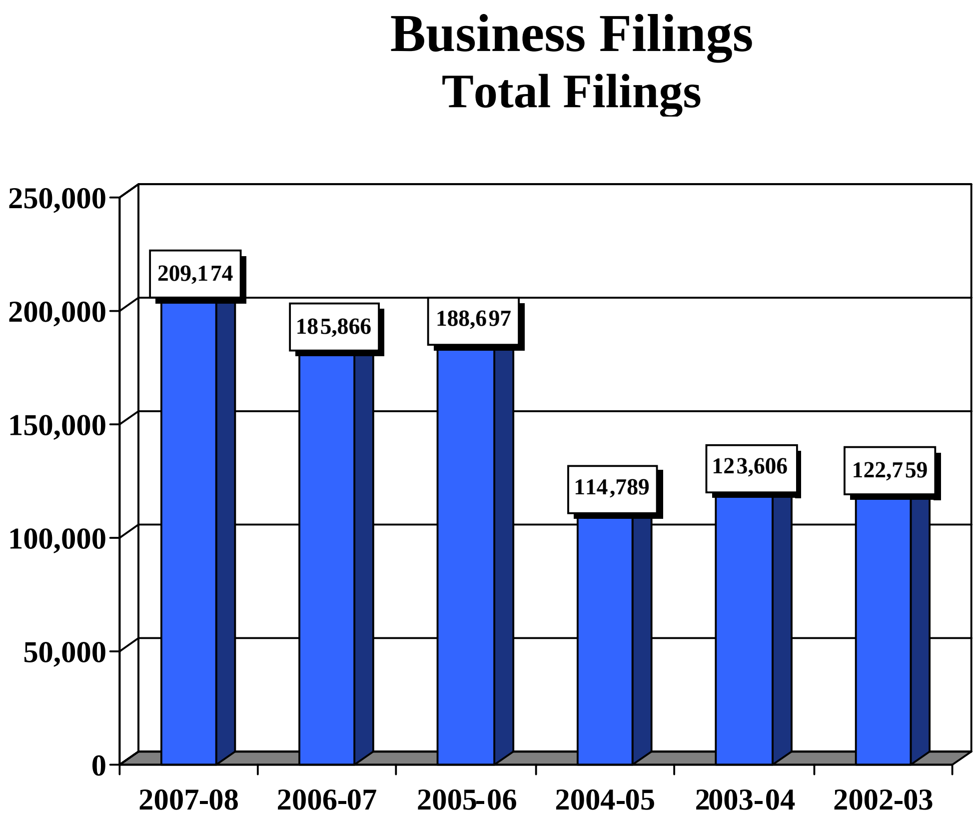
We maintain high standards of customer service throughout the office. We continue to offer immediate fling services for walk-in customers at no additional charge. Our goal in the Business Filings division continues to be 48-hour turn-around of documents. We consistently meet this goal with limited exceptions during peak filing seasons. We exceed this standard with the filing of Uniform Commercial Code documents which are filed within 24-hours. The South Carolina Secretary of State continues to offer this service without additional fees as opposed to many states. For example, North Carolina charges $200 for same-day filing service.

Our Business Filings Division is our highest volume division (over 82 percent of the office's filings are in this division) since it involves both Corporate and UCC filings.

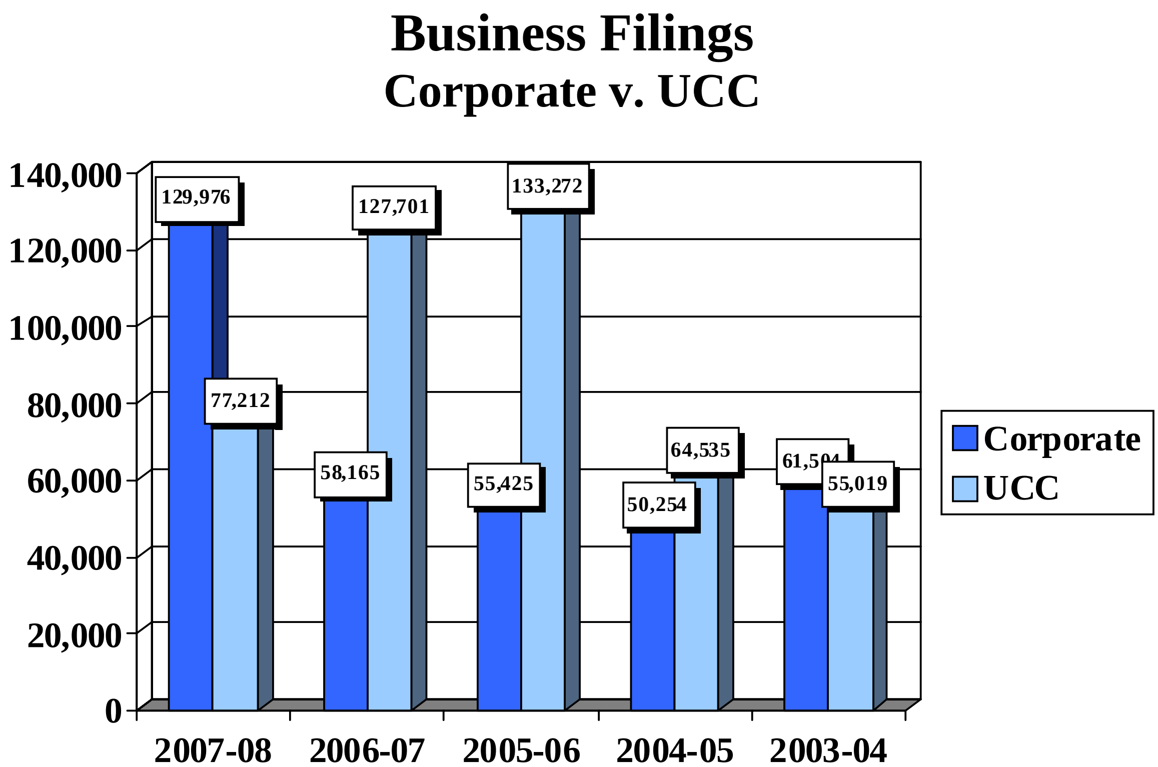
The following charts from our Business Filings Division show the consistent high volume of filings and growth in this division.



7.1-2



7.1-3



Other Customer Satisfaction Measurements

By allocating the staff according to volume and responsibilities, and by emphasizing cross-training, we achieve two main components of our mission: superior customer service and 48-hour turn-around. The turn-around time is a concept that addresses how long a filing is in the office before it is processed and returned to the customer. Unfortunately, due to limited staffing, the high volume of filings, phone calls and customer in-office visits, it is not always possible to handle all filings on a "day-of filing" basis. However, as of April 2008, the agency has maintained a 24 hour turn-around time for filings of business documents. This goal is monitored on a daily basis.

The Vector 65 Call Management system is used to monitor our corporate phone room. This room is staffed with office personnel to answer questions customers may have concerning different business entities filed with the office. In FY 07-08, we responded to more than 63,000 phone calls in the corporate phone room.

The call management system allows us to measure how long each call is taking, how long until it is answered, and how long until a caller hangs up without receiving assistance. We are also able to measure how many calls we receive. This data is provided weekly to management. Our phone room averaged more than 240 calls per day and the average length of a phone call in FY 07-08 was three minutes.

In FY 07-08, the corporate phone room and the front desk received over 95,000 phone calls requesting assistance.

Commitment to Electronic Government

In FY 07-08, we continued our commitment to electronic government. The agency maintains several key databases and other information on our website. The databases that are available for searches and information are our Corporations, Uniform Commercial Code and Charities databases. These databases allowed our customers to research a particular organization without calling our office. The Charities database also calculates the percentage a charity spends on their program services.

Similarly, we offer the customer the ability to complete forms online and download them for filing. The forms have been updated and improved for the convenience of our customers. This keeps our staff from having to constantly field phone calls and place orders for forms.

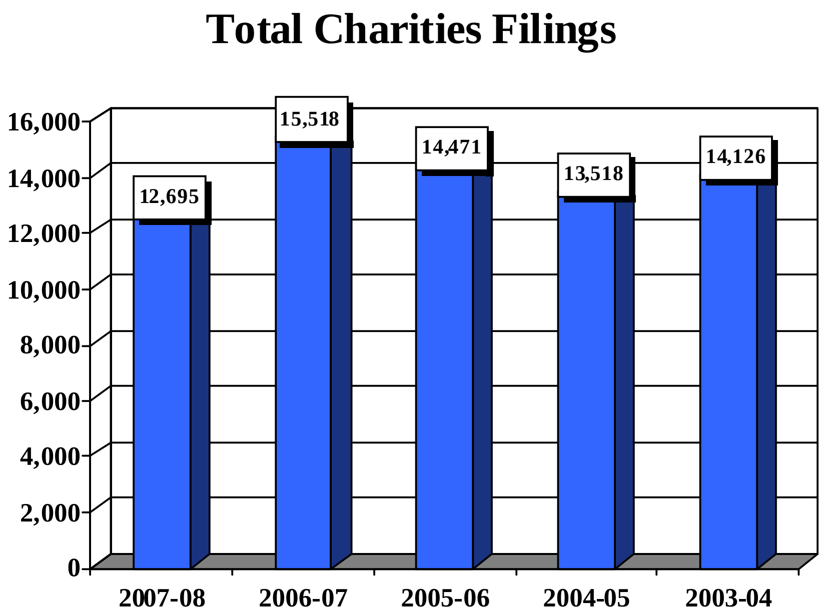
In FY 07-08 we began a transfer of the agency website. By hosting the website in-house not only is it more cost-effective and more secure, but it will allow for additional enhancements and offerings to customers.

Charities Division

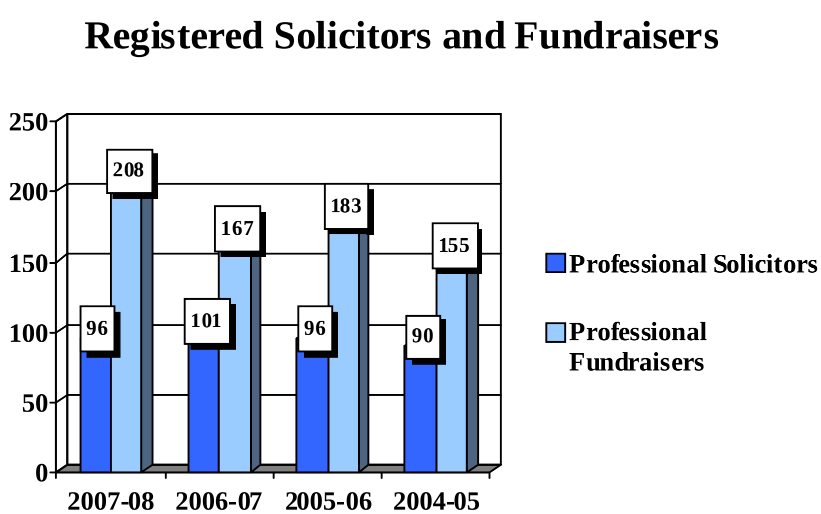
Our Charities Division's mission is to: 1) efficiently register all charities that are fundraising in South Carolina, including all of their professional solicitors and fundraisers; 2) review all of the annual financial reports submitted by registered charities and fundraisers; and 3) investigate and seek prosecution of all charities and fundraisers that violate the Solicitation of Charitable Funds Act.

All charities, their solicitors and fundraisers must register with the office and file annual financial reports. This provides donors the ability to investigate charities before donations are made. Annual financial reports show how much money a charity raised in a year and how the money was spent. The agency strongly believes that it is a great public service to have these records readily available for public examination for educational purposes. Increased understanding of how charitable dollars are spent leads to more informed decisions when making donations.

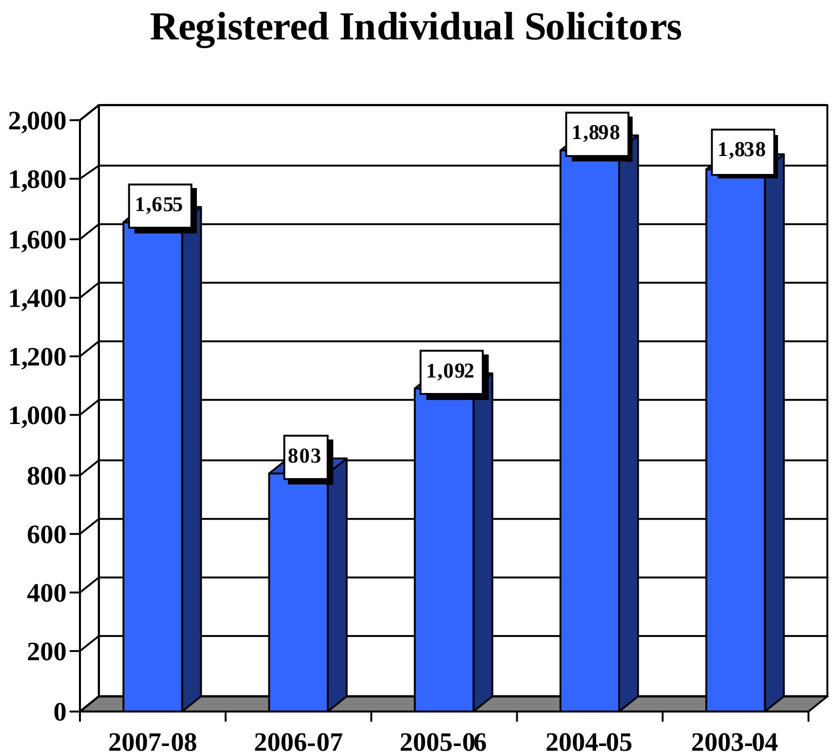
7.1-4



7.1-5



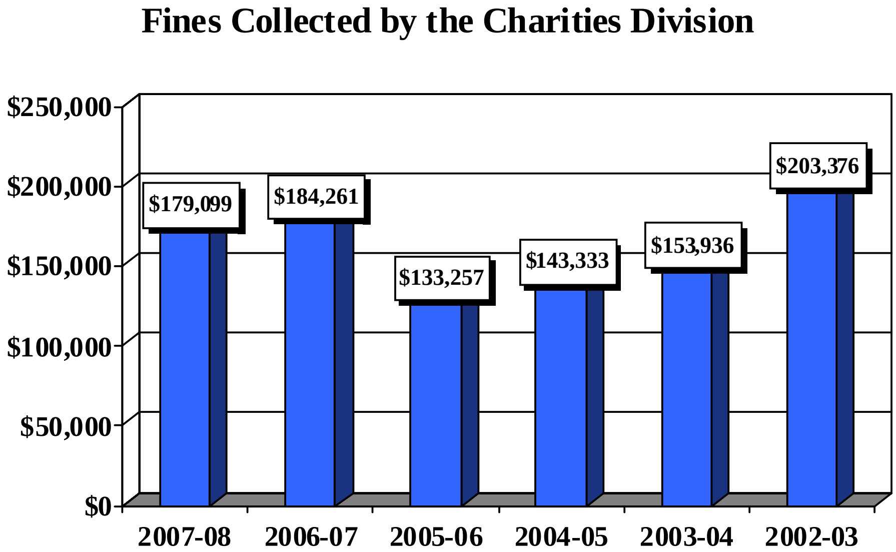
7.1-6



This last chart shows the number of actual individuals registered as professional solicitors in South Carolina.

Another important measurement in the Division of Public Charities is the amount of administrative fines recovered. We are able to issue fines for those charities and professional solicitors who do not register or do not file their financial records on time. Most importantly, the Charities Division also fines charities and professional solicitors who mislead the public in their solicitations.

7.1-7



Annual fines in this division remain relatively constant; however, a large fraud case will result in high revenue and could skew the amounts.

Every year, the Charities Division proactively sends out notices to all charities and fundraisers reminding them to register and to file financial reports. This has resulted in high compliance rates and lower costs for the division in issuing fines.

Finally, this division also seeks to educate the public about charities. We offer a toll-free number for our Charities Division. The staff regularly speaks to different groups on these issues. Secretary Hammond also formed the first Secretary of State/Nonprofit Advisory Council to further explore issues affecting the nonprofit community.

Trademarks Division

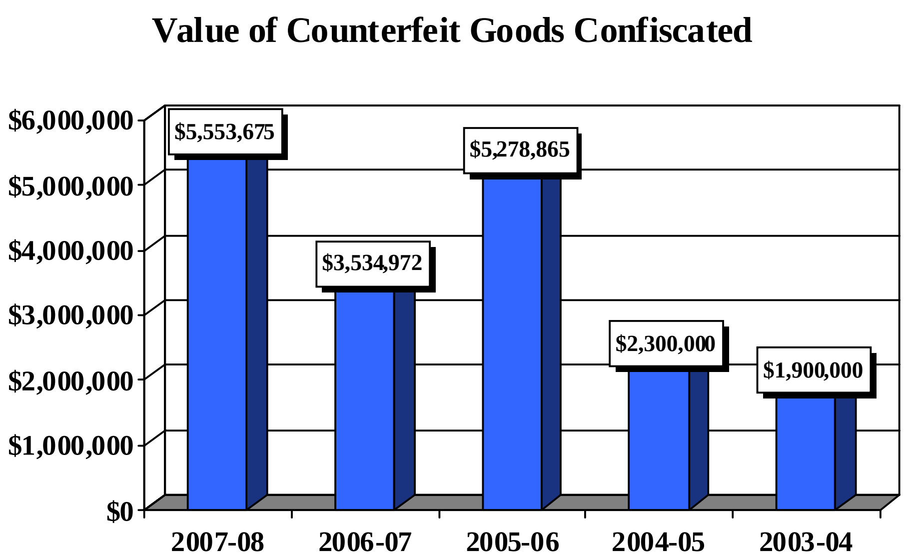
The Secretary of State handles the registration of state trademarks and assists law

enforcement in the investigation and confiscation of counterfeit goods – fraudulent goods that infringe upon the trademark rights of legitimate businesses. In FY 07-08, 1,028 trademark registrations and renewals were filed in the office. Our office also measures the amount of counterfeit goods confiscated by our trademarks division in coordination with local and federal law enforcement. The office assists law enforcement in any way possible to continue to protect South Carolina citizens from sellers of fraudulent merchandise. In FY 07-08, our trademarks division assisted law enforcement in

Fiscal year 07-08 resulted in the largest number of arrests and largest number of total merchandise seized than any previous year.

the confiscation of more than $5.5 million in counterfeit goods and the arrest of 54 individuals for trafficking in counterfeit goods.

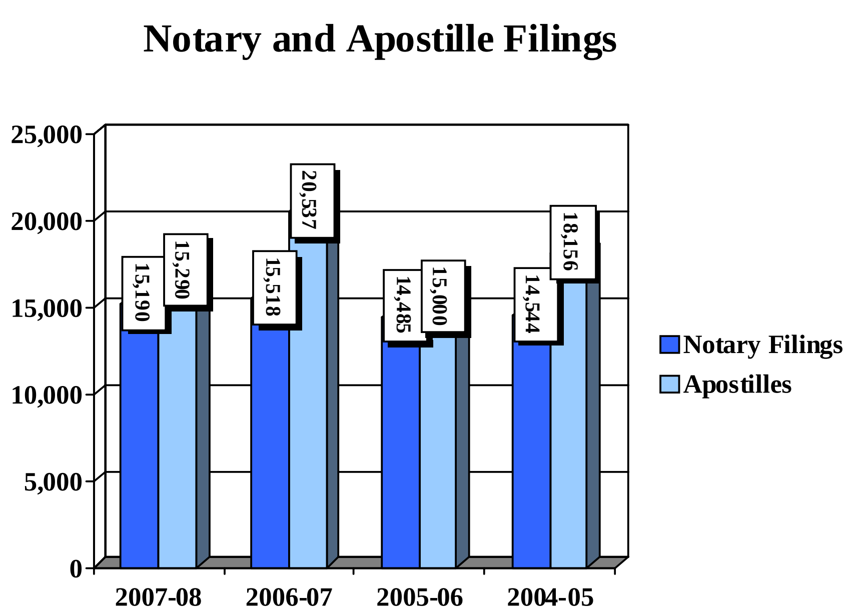
7.1-8



Notaries, Apostilles, Boards and Commissions

This division handles all notary applications and renewals and processes apostilles. In addition, this division processes all filings for state boards and commissions and files all ratified Acts.

7.1-9



7.2 What are your performance levels and trends for the key measures of customer satisfaction and dissatisfaction (a customer is defined as an actual or potential user of your organization's products or services)? How do your results compare to those of comparable organizations?

The primary measure we use to measure customer satisfaction is daily feedback from our customers. On our website we offer a feedback link where we receive numerous emails everyday which are addressed by the management team. These messages are responded to daily and we rarely encounter complaints. If complaints do arise they are addressed immediately to improve our customer satisfaction.

In addition, we focus on workload completion times. We have stringent timelines established for every division. These timelines are monitored daily by senior management, and any issues are addressed through reallocation of staff and other accommodations.

Our website is primarily a business resource for our customers to do the necessary research for their work. However, it also serves as an informational resource for our other customers. With our Corporations, Uniform Commercial Code and Charities databases on the site, many of our customers no longer need to call or visit our office for many transactions.

It is difficult to compare our agency with other Secretary of State's Offices. Other Secretaries' offices throughout the nation perform different duties. Agency size is also a factor that limits meaningful comparison. In addition, the statues that govern these agency processes vary greatly nationwide.

Notaries Seminars Surveys

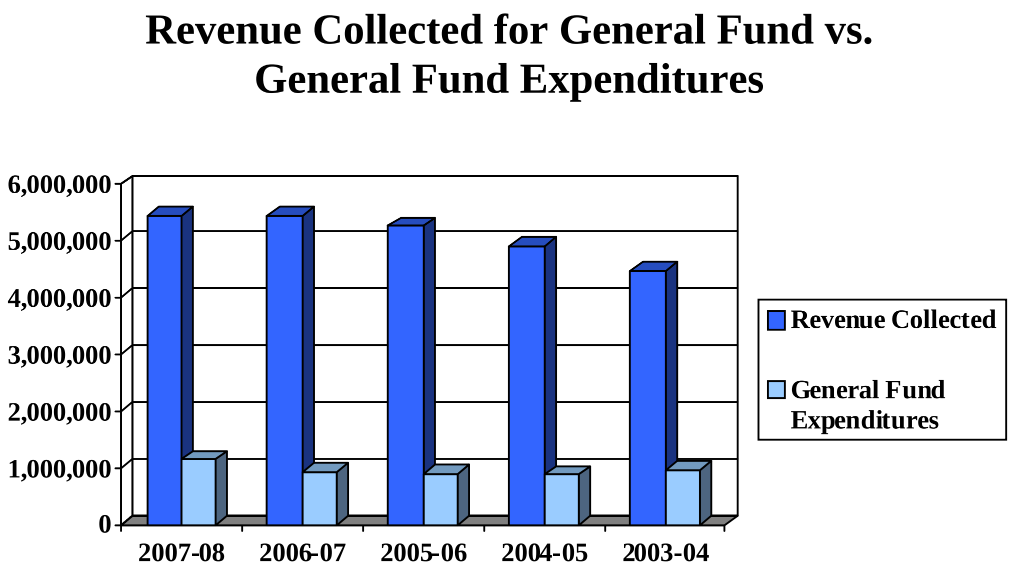
Our popular notary public training seminars continued in FY 07-08. These seminars were held throughout the state, for free, and focused on educating notaries about the responsibilities, duties and potential liabilities of being a notary public. Seminars were conducted throughout the state to allow accessibility for all South Carolinians. Over 1,400 individuals attended these seminars and the overwhelming response was positive. All attendees were encouraged to fill out evaluation forms which asked for ratings of the seminars and for comments. The office received 967 evaluations with extremely positive ratings.

7.3 What are your performance levels for the key measures on financial performance, including measures of cost containment, as appropriate?

The Secretary of State's Office prides itself on being one of the most fiscally responsible agencies in state government. Instead of growing expansively – even in surplus years, the office maintains its fiscal integrity by controlling its growth and monitoring every dollar spent.

These savings to the taxpayer are magnified when one takes into account our appropriated funds and compares them to the revenue our office generates to contribute to the General Fund.

7.3-1



Once again the Secretary of State's Office generated revenue in FY 07-08 far exceeding its appropriated funds.

7.4 What are your performance levels and trends for the key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, workforce climate including workplace health, safety, and security?

Our key measures for employee satisfaction are length of employment, employee turnover, ability to perform numerous functions in the office, and involvement in activities outside the office.

Length of employment is an important measure as it indicates loyalty to the office, level of job satisfaction and morale. Long-time employees also provide the office with a high degree of institutional knowledge. Such a large number of long-time employees indicates to us that there is a high level of job satisfaction and morale in our office. However, we must keep this constantly in mind and provide the most positive work environment possible.

To promote a positive work environment, senior management has sponsored numerous employee appreciation events including holiday gatherings and luncheons. Employees have embraced the open door policy and provided numerous comments to management about how happy they are with the current environment and how they feel appreciated. Senior management has also received "thank you" notes from staff for their efforts.

Finally, most of our employees can perform more than one task in our office. This shows a willingness to learn and contribute to our mission.

7.5 What are your performance levels and trends for your key measures of organizational effectiveness/operational efficiency, and work system performance (these could include measures related to the following: product, service and work system innovation rates and improvement results; improvement to cycle time; supplier and partner performance; and results related to emergency drills or exercises)?

Our primary measure is customer satisfaction. Our desired performance level for this measure is 100 percent. All measures directly relate to our mission of providing the most cost efficient and consumer friendly service in state government.

Some performance measures utilized are:

- 48 hour turn-around for business filing document
- Maintaining a high ratio of funds returned to the state compared to funds used for the operation of the agency
- Effective administration of the Solicitation of Charitable Funds Act
- Investigation of all reported trademark violations
- Low employee turnover

7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support? Note: For a governmental agency, this question would apply to compliance with laws and regulations other than the agency's central legal mandate. Results of the agency's legal mandate or mission should be addressed in question 7.1.

We adhere to all state and federal guidelines regarding operations at our agency including procurement practices, human resources, and financial accounting practices.