

# **STATE ETHICS COMMISSION**

## **SECTION I - EXECUTIVE SUMMARY**

The General Assembly established the State Ethics Commission's mandate to restore public trust in governmental institutions and the political and governmental processes. The State Ethics Commission's mission is established by the statutory provisions of the Ethics Reform Act of 1991, Sections 2-17-5, et. seq., and 8-13-100, et. seq., Code of Laws for South Carolina, 1976, as amended. The State Ethics Commission has one program, Administration. This program encompasses four distinct areas of responsibility of the Ethics, Government Accountability and Campaign Reform Act of 1991: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure.

### **1. Mission and Values**

The State Ethics Commission is an agency of state government responsible for the enforcement of the Ethics Reform Act of 1991 to restore public trust in government which is our mission. The Commission's is mandate to ensure compliance with the state's laws on financial disclosure, lobbyist/lobbyist's principal disclosure and campaign disclosure; regulate lobbyists and lobbying organizations; issue advisory opinions interpreting the statute; educate public officeholders and the public on the requirements of the state's ethics laws; conduct criminal and administrative investigations of violations of the state's ethics laws; and prosecute violators either administratively or criminally.

## **2. Major Achievement from Past Year**

The major achievement from the past year was the launch of the new electronic filing system in October 2007. The phase one electronic filing system for statewide candidates was a tremendous asset during the 2006 statewide election, but it was merely a temporary stop-gap for those limited races. The phase two launch allows any filer to electronically file campaign disclosure forms and Statement of Economic Interests forms. In years past staff has had to copy campaign disclosure forms numerous times for requestors who wished to review filers' information. Having the information on-line saved staff time, but more importantly it saved the public time and money in having the documents on-line. The 2006 statewide candidates with open campaign accounts are required to use the system, as are all House and Senate members and candidates and 2010 statewide candidates. We continue to work with South Carolina Interactive (SCI) for the final phase of the electronic system which is the lobbying component.

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

The key strategic goal continues to be the full implantation of the electronic filing system. SCI launched phase two of the electronic system in October 2007 and we continue work on the third and final phase, lobbying registration and disclosure. As a part of this key strategic goal, the Commission hired temporary employees to electronically file all paper campaign disclosure forms and Statement of Economic Interests forms. Forms must be manually audited by Commission staff to ensure the data is complete and the individuals and committees must be registered by staff to ensure the protection of confidential information, i.e. Social Security Numbers and bank information. The Commission must maintain the most current technology to ensure the full use of the electronic filing system. Year in and year out a continuing goal is the cross training of personnel

to ensure smooth transitions in the event of promotions, retirement, turnover or illness. The Commission will continue to comply with statutory mandates.

#### **4. Key Strategic Challenges**

Enforcement of the very complex Ethics Reform Act is one of the major challenges before the State Ethics Commission. Citizens' and state agencies' concern with public corruption and violations of the state's ethics laws have caused increased investigative and non-compliance caseloads. The Commission's mandate requires close analysis of critical issues of which the outcomes have significant impacts on the lives of the affected individuals, to include criminal prosecution. This mandate coupled with personnel and equipment needs, and limited funds, are major barriers to the fulfillment of the agency's mission and goals. The Commission must ensure that the latest technological advances are taken into account to balance the technology versus personnel scale.

#### **5. How the accountability report is used to improve organizational performance?**

The accountability report provides staff an opportunity to review past performance over the course of several years' reports. Determining whether staff is on target for auditing the many, many forms received is vital for improving organizational performance. Agency management uses the report to project resources needed to meet the increasing needs of the agency and its customer groups.

## ***SECTION II – ORGANIZATION PROFILE***

- The State Ethics Commission has no product and its main service is the enforcement of the Ethics Reform Act, to include regulating lobbyists and lobbyist's principals; ensuring filing of both the Statement of Economic Interests form and the Campaign Disclosure form and the compilation of that data; as well as ensuring compliance with the Rules of Conduct.
- The Commission's customer groups include public officials, public members, public employees, candidates and political committees, other state and local agencies, the citizens of South Carolina, and the media. This group's key expectation is the timely disclosure of campaign disclosure forms and Statement of Economic Interests forms.
- The above entities are also the Commission's stakeholders groups in that they are interested in and affected by the Commission's actions and its success or failure.
- Beyond the computer support and services provided by the Office of the Chief Information Officer (CIO) and periodic private vendors, the Commission does not have key suppliers. All other services and supplies are obtained through the bid process. The Commission is in partnership with SCI to complete the electronic filing system.
- The Commission has only one location at 5000 Thurmond Mall, Suite 250, Columbia.
- The Commission has twelve permanent employees (nine FTEs and three PTEs) and four temporary employees. Of those employees the Executive Director is unclassified and all other employees are classified.
- The Commission regulates lobbying in the state; however, it has no other regulatory duties nor is it governed by federal regulations. The certified law enforcement officers must maintain their certification through continuing education with the South Carolina Criminal Justice

Academy.

- As for most small agencies, the Commission's strategic challenge is making the most of both a small staff and expensive technology.
- The Commission uses the accountability report to maintain an overall organizational focus on performance improvement. The report is used to evaluate both the number of forms being received each year as well as the timeliness of auditing the forms and making them available for review.
- The State Ethics Commission is composed of nine private citizens who are appointed by the Governor with the advice and consent of the General Assembly. For the first time in several years all Commission positions are filed. The Commission sets the policy; recommends legislative changes to the statute; issues formal advisory opinions; and conducts hearings into complaint matters. The Executive Director is responsible for directing the operational and administrative management of the agency and providing oversight to investigations, and other activities of an extremely sensitive nature. The Executive Director reports directly to the State Ethics Commission. All other employees report to supervisors or directly to the Executive Director. The Commission is in the business of processing information received by lobbyists/lobbyist's principals; public officials, public members and public employees; and candidates and political committees and ensuring compliance with the Ethics Reform Act.

**Accountability Report Appropriations/Expenditures Chart Example  
Base Budget Expenditures and Appropriations**

	<b>06-07 Actual Expenditures</b>		<b>07-08 Actual Expenditures</b>		<b>08-09 Appropriations Act</b>	
<b>Major Budget Categories</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Total Funds</b>	<b>General Funds</b>
<i>Personal Service</i>	\$335,068	\$309,470	\$405,050	\$379,792	\$457,859	\$382,347
<i>Other Operating</i>	\$292,362	\$73,961	\$170,980	\$114,481	\$236,898	\$101,898
<i>Special Items</i>						
<i>Permanent Improvements</i>						
<i>Case Services</i>						
<i>Distributions to Subdivisions</i>						
<i>Fringe Benefits</i>	\$102,045		\$115,792	\$104,777	\$114,901	\$99,901
<i>Non-recurring</i>						
<b>Total</b>	<b>\$729,475</b>	<b>\$383,431</b>	<b>\$691,822</b>	<b>\$599,050</b>	<b>\$809,658</b>	<b>\$584,146</b>

**Other Expenditures**

<b>Sources of Funds</b>	<b>04-05 Actual Expenditures</b>	<b>05-06 Actual Expenditures</b>
<i>Supplemental Bills</i>		
<i>Capital Reserve Funds</i>		
<i>Bonds</i>		

**Major Program Areas**

<b>Program Number and Title</b>	<b>Major Program Area Purpose (Brief)</b>	<b>FY 06-07 Budget Expenditures</b>	<b>F-07-08 Budget Expenditures</b>	<b>Key Cross References for Financial Results*</b>
01000000 Administration	This program encompasses four distinct areas of responsibility of the Act: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure.	<b>State:</b> 376,349.00 <b>Federal:</b> <b>Other:</b> 249,699.00 <b>Total:</b> 624,048.00  <b>% of Total Budget:</b> 100%	<b>State:</b> 484,569.00 <b>Federal:</b> <b>Other:</b> 114,481.00 <b>Total:</b> 599,050.00  <b>% of Total Budget:</b> 100%	Category 7.3

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

<b>Remainder of Expenditures:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>  <b>% of Total Budget:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>  <b>% of Total Budget:</b>
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\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

### **SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA**

#### **Category I – Leadership, Governance & Social Responsibility**

The State Ethics Commission is a very small state agency with a staff of twelve people (nine FTEs and three PTEs) and four temporary employees. No layers of managers, supervisors, deputies, etc. exist between the Commission's senior leader, the Executive Director, and the Commission staff. The Executive Director speaks to each employee on a regular basis.

Long term performance expectations and directions are communicated at annual staff reviews conducted each September. This one month review period allows the Executive Director to plan merit raises and revise employee responsibilities as needed. During annual reviews employee performance expectations are discussed and set. Organizational values are discussed with new hires after a new employee reviews the Commission's Administrative Policies and Procedure Manual. All employees are required to stay up to date on changes in the manual.

As the state agency that enforces the Ethics Reform Act, both the Executive Director and staff model ethical behavior. Commission members recuse themselves and leave the room when even a potential, not actual, conflict exists. Policies and procedures are in place for the use of Commission equipment and supplies and subsequent reimbursement.

Staff is well aware of who the Commission's customers are as each employee interacts with customers everyday, whether on the phone or in person. The Commission's customers include the citizens of South Carolina, public officials, public members, public employees, candidates for public office, committees, lobbyists and lobbyist's principals, all state agency heads, the Governor's Office, and the media. Interaction between staff and the public has been intense since the launch of the electronic filing system in October. Three staff members are able to walk filers through the



entire process of registering and filing reports. The public reporting component has also required much interaction in helping the public find electronic reports. Staff is courteous and knowledgeable in responding to the Commission's customers. Staff, to include the Executive Director, has an open-door policy for walk-in customers.

The Commission does not normally address the current and potential impact of the Ethics Reform Act on the public, since the Commission is mandated to enforce the Act as written. Services are provided within the confines of the Act. If the General Assembly amends the Act, then the Commission must enforce it notwithstanding the impact, either negative or positive. The Commission must submit fiscal impact statements with proposed amendments.

The Executive Director is the Commission's chief financial officer and chief procurement officer and thus has sole oversight of fiscal matters. General Counsel Reports directly to the Executive Director and all legal matters regarding the representation of the Commission are discussed with the Executive Director. The size of the agency provides no isolation of the Executive Director from day-to-day activities of the Commission.

The Executive Director receives and reviews a monthly compliance report which is a compilation of key performance measures which include the number of forms received both by paper and electronically; the number of complaints received; the number of complaints resolved; the number of both formal and informal opinions issued; and the amount of money received, to include late-filing penalties, complaint fines, administrative fees and lobbyist's/lobbyists' principals registration fees. This same information from the previous fiscal year is also provided on the compliance report for comparison. This report is presented to the Commissioners at each scheduled meeting.

In an effort to ensure that the Assistant Director is aware of all aspects of the agency's operations, the Executive Director and the Assistant Director work closely on a daily basis, and discuss all phases of agency operations as they occur. The Executive Director and Assistant Director have participated in and graduated from the Budget and Control Boards Executive Institute. Mid-level supervisory personnel are encouraged to participate in operational meetings in order to gain knowledge in areas other than their own. The Executive Director and the Assistant Director encourage mid-level supervisory personnel to attend leadership training such as the Certified Public Manager's (CPM) course, Human Resource management courses and other leadership classes which may be appropriate.

Staff is encouraged to participate in community service projects. The Commission had approximately 90% participation in the United Way campaign and the Good Health Appeal. Various members of staff also participated in Buck-A-Cup, Midlands CROP Walk, Rolling Reader Literacy Program, and the Salvation Army Red Kettle Campaign, Meals on Wheels and regular blood and platelet donations to the American Red Cross. In addition, many staff members are actively involved in their churches and their church's community outreach programs.

## *Category 2 - Strategic Planning*

The Executive Director, with staff input and some input from Commission members, is the sole participant in the strategic planning process. Staff input is welcomed and the Executive Director formulates the strategic plan after reviewing input and process results from the previous year. The Commission is forced to conform any strategic planning to its small budget and its small staff which in many ways is its strength and weakness. Without layers and layers of personnel, staff can move quickly to implement new ideas without waiting for multiple approvals and reviews. New technology is both a strength and weakness due to the costs. The Commission was most fortunate to work with SCI on the electronic filing system at little expense to the Commission. It has been a slow process and will continue to be as we attempt to provide the very best system to the Commission filers. The Commission continually cross trains employees to include the duties of the Executive Director. Three temporary employees were initially hired in January to begin electronically filing all paper forms received. The Commission's continues to be the first source of information for the public and its content is regularly added and updated by three employees. It is from the that filers access the electronic filing system and the public accesses the public reporting component of electronic filing.

Of the two strategic goals in place, the electronic filing system action plan remains in place. Monetary resources were expended in continuing to contract with CIO for a virtual CIO and a significant amount of staff time is devoted weekly to working with SCI in developing the final electronic filing system for lobbying, but also the continued up dating of the electronic filing system. The cross training continues which requires significant amounts of staff time but not of other resources.

In presenting the Commission's budget to the General Assembly, the Commission communicated and deployed its key strategic goal for an electronic filing system. As for the second key strategic goal of cross training employees, staff meetings and one on one meetings between the Executive Director and staff are the means used to communicate and deploy its key strategic goal. We were able to measure progress on our action plan by the timely development, testing and launch of phase two of the final electronic filing system.

Strategic Planning is limited by the Commission's budget and the Ethics Reform Act. All of the Commission's responsibilities are mandated; therefore any plan changes from year to year are the result of legislative amendments to the statute. Absent a legislative change, the Commission's plans do not change.

The achievement of the Commission's key strategic goal of electronic filing has required the employment of three full-time temporary employees beginning in January. Two additional part-time temporary employees were hired in August. The funding was provided by the General Assembly in a previous fiscal year.

The Commission's previous accountability reports can be found on the Commission's web page, <http://ethics.sc.gov>. The report includes the Commission's strategic objectives, action plans and performance measures.

## ***Strategic Planning***

<b><i>Program Number and Title</i></b>	<b><i>Supported Agency Strategic Planning Goal/Objective</i></b>	<b><i>Related FY 05-06 Key Agency Action Plan/Initiative(s)</i></b>	<b><i>Key Cross References for Performance Measures*</i></b>
01000000 <i>Administrative</i>	<i>The most important strategic goal is fully implementing an electronic filing system, to include educating filers and electronically filing all paper forms.</i>	<i>In October 2007 the electronic filing system went live. Statewide candidates immediately began filing on-line. Filing for the General Assembly was optional until the April quarterly campaign disclosure reports. The Commission continues to work with SCL on the final lobbying component of the system.</i>	Chart 7.3-1

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

### ***Category 3 - Customer and Market Focus***

Key customers and stakeholders of the State Ethics Commission are complainants and respondents; filers of forms; reviewers of forms; public officials, public members and public employees; candidates and committees; the citizens of South Carolina; training participants; and opinion requesters. The largest percentage of the Commission's customers is determined by the Ethics Reform Act and it is the Act that determines each customer's requirements.

The Commission is constrained in keeping its listening and learning methods current with changing customer needs and expectations by two major factors: the Ethics Reform Act itself and the Commission's budget. Clearly the trend in disclosure, to include financial, campaign and lobbyist/lobbyist's principal, is for the electronic filing of this information. The trend for making this information available to the public is also to provide it electronically. As more filers embrace the electronic filing system, the more their information is immediately available to the public. Although staff and the temporary employees cannot electronically register and file paper forms in real time, we constantly strive to stay within 60 days of those deadlines, i.e. within 60 days of the April 10<sup>th</sup> filing those complete, accurate forms have been filed.

Due to budget constraints only two key customer groups were regularly surveyed in FY2008: training participants and citizens coming to the Commission's office to review documents. When the Commission conducts its standard training, a training survey is provided to the participants to complete. In other training situations, staff is part of a program wherein survey results are compiled at the conclusion of the entire program and staff is notified of the results at a later date. A review of the Commission's training survey results found that approximately 93% of responders found the training to be good or excellent; however, 7% found it to be poor and unresponsive to their

expectations. Citizens who are inclined to complete a survey are unanimous in their satisfaction. By statute, our top two key customers are filers of forms and parties to complaints. Staff has not yet developed either a cost effective or reliable surveying technique for either group; however, when the final electronic filing system is operational a survey component is being examined for filers.

#### ***Category 4 –Measurement, Analysis and Knowledge Management***

It is the Commission's belief that what gets measured is what gets done in an organization. The Commission measures the number of forms received; the number of complaints received; the number of complaints resolved; the number of both formal and informal opinions issued; the number of trainings and participants; and the amount of money received, to include late-filing penalties, complaint fines, administrative fees and lobbyist's/lobbyist's principals' registration fees. The Commission's key measures are the comparisons between numerous years of compiling data of the number of various forms filed. The Commission compares the current year's numbers with past years, as well as comparing it with data from other similarly situated agencies. The Commission relies on staff members whose duties include the compilation of this information. The Commission uses the analysis of this data to assist in developing the strategic plan in the employee reviews each year. The Commission attempts to find other public agencies with comparable duties and mandates. As a result of the Commission's membership with COGEL (the Council on Governmental Ethics Laws), the Commission has found only one other state agency with similar areas of responsibility regarding state government: lobbying registration and disclosure; ethical rules of conduct; financial disclosure; and campaign practices and disclosure. The Commission also found a city agency with the same responsibilities and the analysis for both Kansas and Chicago appears in Category 7 Results. The compliance reports which are compiled monthly are maintained indefinitely, in that they become a part of the record of each Commission meeting. Meeting minutes with attachments dating back to the inception of the Commission in 1976 are archived and could be recovered if required. Cross training and reducing to writing the duties of each staff member are the means by



which the Commission collects and maintains organization and employee knowledge. The Commission's small size lends itself to the identification and sharing of best practices among staff.

#### ***Category 5 – Workforce Focus***

As noted before, the State Ethics Commission is a small state agency. The Executive Director speaks regularly to each employee. The Commission gave performance raises in 2007, as well as continuing to provide many non-financial rewards such as flexible scheduling; casual dress day on Friday for nine months of the year and during the summer months throughout the week; recognition of significant employment milestones; birthday celebrations; holiday meals together; lunch for staff in observance of Employee Recognition Week; and training. All classified employees received a Christmas bonus in FY2008.

With an improving budget staff did participate in various training sessions. The Executive Director continued to participate in agency head training throughout the year. In addition, the Executive Director and the Investigators are certified law enforcement officers and they must participate in regular training sessions to maintain their certification. The Criminal Justice Academy provides this training at no charge to state agencies. General Counsel participates in a minimum of 14 hours of continuing legal education training each year; however, the Commission does not pay for this training. Staff has participated in the Certified Public Manager's course, Human Resource management courses and various computer classes. Before participating in training staff attempts to ensure that the training is applicable to the position of the staff member seeking training which ensures that the knowledge and skills gained in training are used. Three staff members participated in extensive training and testing of the electronic filing system. The training and testing were critical in being able to assist filers in the myriad and confounding ways they attempted and often

succeeded in filing incorrectly.

The Employee Performance Management System provides an opportunity for the Executive Director and the employee to make changes to employee responsibilities in line with ongoing strategic goals and to revise position descriptions to accurately reflect actual duties. The process encourages high performance by realigning the position description and evaluation documents with the actual job responsibility.

The Commission, due to size, does not have a formal assessment method to obtain information on employee well-being and satisfaction. Cross training has ensured that internal promotions are smooth. The Commission does informally monitor employee well being and satisfaction through two key measures: staff longevity and turnover. Three quarters of the staff has been with the Commission between nine to twenty years. Turnover is not an issue and we do not have grievances filed by employees.

The Commission's offices are located in a modern, private non-smoking office building. Adequate parking and lighting are provided. Staff members are encouraged to participate in the State's Preventive Partners programs, and to avail themselves of a gym located in the office complex. The agency's policies manual contains procedures to follow in the event of fire, tornado, and bomb threat. The agency's telephones are programmed for one touch dialing to 911. The agency's law enforcement personnel participate in all available terrorism training through SLED and the Criminal Justice Academy.

### ***Category 6 - Process Management***

The Commission's key design and delivery processes must fit within the confines of the Commission's budget. Within these confines, the newest technology used by the Commission has been in previous years its web site, but with the implementation of phase two of the electronic filing system the Commission has embraced 21<sup>st</sup> century technology. The phase two launch allows any filer to electronically file campaign disclosure forms and Statement of Economic Interests forms. As noted in the Commission's previous Accountability Reports, the web site includes all formal advisory opinions and summaries of all complaints resolved. All the Commission's forms must be downloaded and printed from the . We always encourage filers to create a user account and file electronically. Additionally, minutes from the Commission's bi-monthly meetings are also available online. These efforts are directed at making the Commission's web site more user-friendly; more responsive to the public's needs; and more cost effective to the Commission, i.e. reduction in printing and postage costs. Finally, the Commission's web-site provides the link to phase two of the electronic filing system available to all filers, as well as the public reporting link that provides instantaneous access to all forms filed electronically. As previously noted, although staff and the temporary employees cannot electronically register and file paper forms in real time, we constantly strive to stay within 60 days of those deadlines.

The Commission's various measurements are not done on a day-to-day basis, but rather week-to-week and month-to-month based on the particular deadline. The Commission has a

minimum of seven deadlines throughout the year with more during an election year. The Commission attempts to ensure full staffing during deadline in order to ensure timely auditing and timely production of documents for requesters. As more candidates and committees file electronically less staff time is devoted to locating and copying documents.

The Commission is in the business of managing the information provided in the various forms received, as well as the enforcement of the Ethics Reform Act. The Commission bi-monthly reviews the number of forms received in comparison to the previous year's filing period and speed and thoroughness of auditing. The part-time administrative assistant moves seamlessly between auditing financial disclosure and campaign disclosure forms as needed. The individual filers and committees are also registered during this auditing process to allow the temporary employees to as quickly as possible to electronically file the paper forms.

The Executive Director meets with senior staff throughout the fiscal year to determine the adequacy of the present budget and what the future needs may be. This includes reviewing the status of the computer systems. The final phase of the electronic filing system may require upgrades to the computer infrastructure at a significant increase in cost to the Commission. Investigative costs are difficult to predict with any certainty. Non-compliance matters are quickly dealt with; however, complaints alleging violations of the Rules of Conduct or in-depth investigative audits of alleged campaign finance violations can require extensive investigative hours. The Commission's investigators coordinate many investigations with SLED, the State Grand Jury and the FBI. Reports resulting from criminal investigations are referred to the Attorney General's office or the appropriate circuit solicitor.

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

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

The State Ethics Commission utilizes registration fees obtained from lobbyists and lobbyists' principals to administer this requirement. In FY2008, the State Ethics Commission received \$175,800.00 from these registration fees. This was an increase of \$5300 from the previous year.

Any person employed or retained to lobby for any person, group or business must register with the Commission within fifteen days after being employed or retained. Further, the person, group, or business which employs or retains a lobbyist must register within fifteen days after such employment or retention. Registered lobbyists and lobbyist's principals are subject to strict restrictions on their activities while they are registered. Both the lobbyists and lobbyist's principals must file disclosures of income and expenditures by June 30<sup>th</sup> for the period January 1<sup>st</sup> through May 31<sup>st</sup>, and January 31<sup>st</sup> for the period June 1<sup>st</sup> thru December 31<sup>st</sup>. Registrations and reports are audited and made available for public inspection. Registration and disclosure reports totaled 5255 in FY2008, an increase over FY2007.

### ***(2) Ethical Rules of Conduct***

The Ethics Reform Act provides certain standards for public officials and public employees, centered around prohibitions against the use of the public position to affect the officeholder's or employee's economic interests, those of immediate family members, or businesses or individuals with whom the person is associated. These standards prohibit the misuse of public resources and confidential information, nepotism, revolving door contracts, receipt of compensation to influence official actions, and representation restrictions. Penalties for violations of the Act range from administrative penalties, including public reprimands and civil fines of up to \$2000 per violation, to

criminal penalties ranging from \$5000 and one year in prison to \$10,000 and ten years in prison.

### ***(3) Financial Disclosure***

Certain public officeholders, to include all public officials, either elected or appointed; candidates; public members of state boards; chief administrative officials or employees; chief procurement officials or employees; and chief finance officials or employees must file a Statement of Economic Interests forms at specified times to include an annual update by April 15<sup>th</sup>. The Commission develops the reporting form; provides the form to required filers; receives and audits the filed reports; and makes those reports available for public inspection. In FY2008, approximately 9182 Statement of Economic Interests forms were processed. This is a slight decrease over last year. Staff stressed in training and correspondence with municipalities, counties, school districts and other public entities those individuals required to annually file Statement of Economic Interests forms. Staff continues to weed out those individuals who do not need to file and continue to do so year after year. Those individual filers who had not filed as of March 15<sup>th</sup> received a postcard reminder. Staff diligently sought cost-effective ways to provide notice to those public officials, public members and public employees required to file Statement of Economic Interests forms.

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

Candidates and committees are required to file disclosure of their campaign finance activities. They are subject to contribution limitations, restricted use of campaign funds, and proper accountability. The Commission develops the reporting form; provides the form to required filers; receives and audits the filed reports; and makes those reports available for public inspection. In FY2008 approximately 5563 campaign disclosure forms were received, audited and made available to the public. The Commission received thru the January 2008 filing period campaign disclosure

forms from the House Ethics Committee and the Senate Ethics Committee which are made available to the public. They now must file electronically. Additionally, the Commission no longer sends paper copies to the county clerks' offices since those forms can be found in public reporting on the Commission's .

To follow is a review of the previous ten years of Commission activity. The one significant trend is the increase in the number of complaints resolved. During this fiscal year eighteen cases were dismissed at the fact sufficient stage which means the complaint did not allege a violation of the Ethics Reform Act.

#### **LEVELS OF PERFORMANCE-FY99 TO FY2008**

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
<b>COMPLAINTS</b>										
Filed	54	107	144	124	138	111	136	136	125	133
Final Disposition	51	108	150	136	92	110	112	152	116	111
On Hand	50	45	39	27	73	44	58	22	33	35
<b>ADVISORY OPINIONS</b>										
Formal	7	11	6	12	6	3	3	4	9	8
Informal	128	117	105	121	54	68	73	64	65	54
<b>FORMS</b>										
Statement of Economic Interests	8,378	9,588	8683	8,410	8,970	9104	8776	9402	9430	9182
Campaign Disclosure Form	4,431	4,170	5169	3,963	4,658	4873	5158	6499	5030	5563
Lobbyist/ Lobbyist's Principal Registration & Reports	5,856	4,717	4786	4,349	4,527	4445	3542	4984	4803	5525
<b>TRAINING SESSIONS</b>										
Conducted	24	24	26	17	20	19	16	30	28	28
Participants	904	1,398	1,600	954	961	530	1724	1276*	1640*	1294*

\* The number of participants for FY2008 reflected in the chart represents those individuals

actually present during training programs. The number does not represent the hundreds and hundreds of county and city planning officials and employees receiving the ethics training from taped programs in FY2006.

**Performance levels and trends for the key measures of customer satisfaction and dissatisfaction:**

Training is essential to the four million residents of the State where approximately 230,000 citizens are engaged in government employment and approximately 10,000 are engaged in government service. As part of its public mission, the Commission feels that it is vital to educate public officials, public members, public employees and the general public regarding the standards of conduct and disclosure requirements of the Ethics Reform Act. Whenever possible, as personnel and resources are available, staff conducts training for its various customers throughout the state. Customers receiving training in FY 2008 included elected officials, public employees of both cities and states, candidates and attorneys.

Hand-in-hand with training is the advisory nature of the Commission's responsibility. The Commission advises its customers concerning the intricacies of the law through both informal and formal opinions. Staff answers approximately 270 telephone inquiries per month. The Commission's policy of issuing informal opinions provides more timely advice to its customers. This advice is based on prior opinions, decisions, and staff experience and interpretation of the statute. The Commission has established the objective of responding to all informal advisory opinions within seven to ten calendar days. This target is met approximately 98% of the time and when it cannot be met the requestor is informed of the delay and when to anticipate his opinion. Formal opinions are handled as expeditiously as possible at regularly scheduled Commission



meetings. The advice given, either written or verbal, provides information to the various customers of the Commission.

The Commission continues with two part-time investigators in order to continue its commitment to the timely investigation of alleged violations of the Ethics Reform Act, which is a key component of the Act and where the Commission's involuntary customers appear. The investigators have divided the state into two regions in order to better utilize their time. A due process procedure is established in the statute and staff has worked to reduce the completion time from the receipt of a complaint to final disposition. Non-compliance matters, from issuance of complaint to final disposition, take approximately four months. Other complaints' completion times were approximately six months, but can be as long as nine to twelve months in duration.

Of the 111 complaints resolved in FY2008, approximately ten complaints were resolved by Consent Orders. Twelve orders were issued wherein the Respondent filed the form, but the late-filing penalties remained unpaid. Fourteen hearings were held. Fines and administrative fees of \$5920.00 were collected. Eighteen complaints were dismissed at the fact sufficient stage and thirty-eight were dismissed for lack of probable cause. The remaining nineteen complaints were either waived due to compliance or extenuating circumstances or withdrawn by the complainant or the Commission. In addition, the Commission collected \$63,310 in late filing penalties for failing to timely file Statement of Economic Interests forms, Campaign Disclosure forms, and lobbyist and lobbyist's principal reports. The Department of Revenue's Set-off Debt program collected an additional \$9,299.73 in late filing penalties. The Department of Revenue's GEAR program collected an additional \$24,575.15 in late filing penalties through the garnishment of wages. The Commission continues to emphasize the timely enforcement of disclosure deadlines.

## LEVELS OF PERFORMANCE

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

	FY2008	FY2007	FY2006	FY2005	FY2004	FY2003	FY2002	Increase (Decrease )
<b>Complaints</b>								
Received	133	125	136	136	111	138	124	8
Final Disposition	111	116	152	112	110	92	136	(5)
Pending	35	33	22	58	44	73	27	2
<b>Forms</b>								
Statement of Economic Interests form	9,182	9,430	9402	8776	9104	8970	8,410	(248)
Campaign Disclosure form	5,563	5,030	6499	5158	4873	4658	3,963	533
Lobbyist/Lobbyist's Principals' Registration & Reports	5,255	4,803	4984	4243	4445	4527	4,349	452
<b>Opinions</b>								
Formal	8	9	4	3	3	6	12	(1)
Informal	54	65	64	73	68	54	121	(11)
<b>Training</b>								
Training Sessions	28	28	30	16	19	20	17	0
# Trained	1,294	1,640	1276	1724	530	961	954	(346)

By and large the percentage changes from one year to the next are minimal and those significant percentage changes reflect activity over which the Commission has minimal control. Training is contingent on requests. In FY2008 training sessions remained high; although, the participants decreased. Filmed sessions from FY2006 continue to be broadcast across the state to numerous public members and employees of city and county planning offices.

Both formal advisory opinions and informal opinions decreased only slightly. Staff continued to reduce the response time in the issuance of informal advisory opinions and to publicize the availability of formal opinions on its website. All formal advisory opinions are on the Commission's which has led to an overall decrease in the number of formal opinions in the last several years.

The City of Chicago Board of Ethic's key responsibilities mirror the four distinct responsibilities of the Commission: lobbying registration and disclosure; ethical rules of conduct;

financial disclosure; and campaign practices and disclosure. The Board of Ethics in providing advice responds to inquiries (verbal responses) and cases (written responses). The Board of Ethics handled more than 4000 inquiries in FY2007 and 119 cases as opposed to 3000 plus inquiries and 133 cases by the Commission. The Board of Ethics' staff is nine FTEs. Its budget is significantly larger at approximately \$842,260.00.

A continued goal of staff was to reduce the backlog of non-compliance matters considering the amount of staff time that must be devoted to ensuring proper and timely reporting. When proper and timely disclosure does not occur, then significant staff time is devoted to the administrative late-filing procedure, as well as the complaint and hearing process. A complaint is not filed simultaneously to a missed deadline, as the Commission by statute has an administrative late-filing penalty procedure which takes approximately two months to complete. This procedure begins immediately following a quarterly deadline and the annual financial disclosure deadline of April 15<sup>th</sup>. Complaint matters relating to disclosure have remained the largest percentage of complaints. The Commission received 133 complaints, of which 42 were related to disclosure, and resolved 111 complaints, of which 42 were related to disclosure. The Commission continues to meet its goal of timely prosecuting non-compliance matters to avoid a backlog.

The Commission continued to make direct contact with filers of the Statement of Economic Interests form 30 days prior to the deadline. At this point we do not know what our compliance rate is. Until all the paper forms are electronically filed through the April 21<sup>st</sup> deadline and grace period we cannot begin to determine non-filers. Late-filers have been penalized administratively. The Kansas Governmental Ethics Commission enforces the Campaign Finance Act and State Governmental Ethics Law primarily on the state level to include House, Senate and Judicial officials

and to a very limited extent on the local level. In FY2007, the Kansas Governmental Ethics Commission received 1168 campaign finance forms in a non election year and 9436 financial disclosure forms. The Kansas Governmental Ethics Commission reported an enviable rate of 99% compliance with both forms.

An increase occurred in lobbyists' and lobbyist's principals' registrations and disclosures, an increase over which the Commission has no control. The Chicago Board of Ethics also experienced a significant increase in the number of lobbyists filing. This follows a national trend.

In FY2008, a total of 1357 requests to review statements were filed and honored with the Commission, compared to 851 in FY2007, a significant increase of some 500 requests. Many requestors came to the office to view documents that were on-line. Even with the increase in request staff has had to devote less time pulling paper forms. The flip side is that many people telephone expecting to fall all filers' forms on-line now that the electronic filing system is available. The City of Chicago Board of Ethics noted only 88 requests to review thousands of documents and the Kansas Governmental Ethics Commission does not report that information.

#### **Current levels and trends of financial performance:**

Since September, 2000, the Commission has ceased printing forms. All forms can be downloaded from the web site. This results in a savings of materials, equipment use, personnel time and postage. Additionally, minutes from the Commission's bi-monthly meetings are also available online. These efforts are directed at making the Commission's web site more user-friendly, more responsive to the public's needs and more cost effective to the Commission, i.e. reduction in printing and postage costs. The electronic filing system has decreased the use of staff time for responding to requests for documents, as well as savings on printer wear and tear and paper usage.

**Performance levels and trends for the key measures of workforce engagements, etc.:**

The Employee Performance Management System provides an opportunity for the Executive Director and the employee to make changes to employee responsibilities in line with ongoing strategic goals and to revise position descriptions to accurately reflect actual duties. The process encourages high performance by realigning the position description and evaluation documents with the actual job responsibility.

**Performance levels and trends for the key measures of organizational effectiveness/operational efficiency and work system performance:**

The Commission's launch of the electronic filing system has completely changed the nature of this organization's receipt of data and we have been in flux ever since. We have no performance levels because this is our first year with the system.

**Performance levels and trends for the key measure of regulatory/legal compliance and community support:**

The Commission has no regulatory/legal compliance with which to comply, so no key measures are collected.

## INDEX OF CHARTS

Accountability Report Appropriations/Expenditures Chart .....	6
Major Program Areas Chart.....	7
Strategic Planning Chart .....	13
Ten Year Performance Review-FY97 to FY2007-Chart.....	23
Levels of Performance (%Change) Chart .....	26