SOUTH CAROLINA SECRETARY OF STATE

2010-2011 ACCOUNTABILITY REPORT

SEPTEMBER 15, 2011

Accountability Report Transmittal Form

Agency Name __________SC Secretary of State_____________________________

Date of Submission ______September 15, 2011_______________________________

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Secretary of State
2010-2011 Accountability Report

Table of Contents

I EXECUTIVE SUMMARY

1. Mission and Values

The Office of the Secretary of State is mandated by the South Carolina Code of Laws as the state filing office for business corporations, nonprofit corporations, limited partnerships, limited liability partnerships and limited liability companies, as well as for all Uniform Commercial Code Article 9 Secured Transaction filings. In addition to business filings, the Secretary of State's Office files state trademarks, maintains the state notary public database, and issues commissions for elected officials and those appointed by the Governor. The Secretary of State's Office is also responsible for issuing all statewide cable franchises and serves as the repository for several types of municipal filings. 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's Office regulates charitable organizations, professional fundraisers, business opportunities and employment agencies.

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 to fulfill it statutory duties while providing prompt, efficient, and courteous customer service.

2. Major Achievements from 2010-2011

The office is constantly seeking creative and cost efficient solutions to providing the needed services to our growing customer base, which has become increasingly more difficult with the budgetary restraints.

<u>Launch of the Uniform Commercial Code (UCC) online filing system</u>- The most exciting technological advancement initiated during FY 10-11 is the Uniform Commercial Code online search, filing, and retrieval system. This new system provides members of the public—including many banking institutions, law firms, and business owners—the ability to file and search for UCC filings required to be filed with the Secretary of State. This technological advance was a result of a partnership with the state web portal, South Carolina Interactive (SCI), and was accomplished without a system development cost to the taxpayers, thus expanding our continuing efforts to provide excellent customer service.

<u>Increased taxpayer return on investment</u>- the Office of the Secretary of State returned **$4,491,402** to the General Fund—more than **seven** times its appropriations. This equates to $172,746 per FTE for FY 10-11. In the last 3 years state appropriation have been reduced by 47.4% and FY 10-11 appropriations totaled $623,371 - less than $24,000 per employee.

During FY 10-11, these 26 FTEs accommodated 13,700 walk-in customers and 108,827 phones calls, and processed the following in both a timely and courteous manner:

Work Processes	Processed Annually
Corporate Filings	63,158
UCC Filings	62,832
Charity Registrations and Financial Reports	17,194
Notary Applications	13,840
Apostilles	13,810
Business Filing Rejections	13,200
Business Filing Copywork Requests	11,880
Boards and Commission Appointments	4,700
Payments to Invoices Processed	3,569
Invoices Generated	3,485
Professional Fundraiser Contracts	1,184
Trademarks / Service Marks	759
Service of Process	727
Payroll Deduction Applications	622
Annexation Filings	302
Customer Requested Database Reports	209
Special Purpose District Applications	208
Employment Agency Applications	166
Business Opportunity Applications	134
Total	212,113

Please note this table does not include daily operations including legal, human resources, information technology, finance, legislative initiatives, system development, reporting requirements, or procurement, all of which are completed daily by these same 26 FTEs.

Implemented a new Revenue system - for the first time the office is able to keep track of all generated revenue in a single system and systematically update these revenues into the state's accounting system without manual re-entry. Previously the office was using fourteen different systems to track its revenues ranging from an Access Database for tracking trademarks to a custom developed SQL Server Database system for corporation filings and imaging. In addition, six different deposits were made daily to update SCEIS (the state's book of record accounting system), which required the users to scan all deposit receipts and then re-key all revenues into the system.

Increased collection of outstanding debts from bad checks - through the work of many dedicated employees the office was able to streamline the collection of outstanding dishonored checks.

This reduced the amount of outstanding invoices by $32,914 (58%) and resulted in the collection of over $11,000 in returned checks.

Other major achievements - In addition to the items listed above, the dedicated staff of the Secretary of State's Office is always working to reduce costs and work as efficiently as possible while maintaining excellent customer service. Despite funding and staffing reductions, the office still accomplished the following with only 26 FTEs:

- Located a full-time business filings clerk in the lobby to speed up walk-in customer transactions. In total, our front office staff members served over 13,000 walk-in filing customers averaging less than 10 minutes per transaction, and answered over 17,000 phone calls.
- Assisted over 64,000 customers on our Business Filings help line while maintaining an average call answer time of less than 2 minutes.
- Processed over 62,000 Uniform Commercial Code filings in under 48 hours.
- Collected $231,922 for violations of the Solicitation of Charitable Funds Act due to increased enforcement initiatives.
- Increased customer use of the Charities online filing system by 13% through customer education and process enhancements.
- Implemented a new public outreach program allowing the agency's single investigator to meet with community groups statewide and provide education and training to assist in enforcement of the Solicitation of Charitable Funds Act and identification of counterfeit goods.
- Worked with law enforcement agencies resulting in 57 arrests and confiscation of $5,031,901 in counterfeit goods.
- Celebrated the sixth anniversary of SCBOS and made modifications to the e-review portion of the system, which drastically increased system efficiency and reduced employee processing time.
- Automated customer debit account statements, which reduced staff processing time and provided convenience for the customers.
- Made upgrades to the agency website to enhance usability.
- Legal staff conducted numerous training sessions on charitable organizations, Uniform Commercial Code filings, and business filings to increase public awareness and provide necessary information for citizens to conduct business in the state.

Other measures implemented for efficiency:

- Consolidated and reduced office space.
- Canceled agency Post Office Box to reduce costs and save staff time. This initiative required changing all forms and web pages but has proven effective.
- Consolidated office printing functions to reduce costs.
- Changed format of certificates to reduce the need for legal size certificates.

Major achievements continued from FY 09-10 - Many achievements first reported in previous years were continued this year, which enhanced the efficiency and effectiveness of the agency in the following ways:

- Reduced postage costs by utilizing email capabilities in the charities online filing system.
- Continued to update office forms to reduce rejections and streamline the filing process.
- Continued to maintain an online charities database that allows donors to research charities and discern what percentage of donor contributions are actually allotted to 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 the annual Scrooges and Angels list, identifying those charities that spend most of their resources on their charitable causes as well as those charities that spend a small percentage of donors' contributions on their charitable cause.
- Published the 2010 Special Purpose Directory which is available to the public through the Secretary of State's website.
- Continued to offer educational material to the general public with the revised Notary Public Manual, which is used to educate notaries on their duties and responsibilities.
- Filed 759 trademark and service mark applications.

The Office of the Secretary of State 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. As always, the Secretary of State's Office strives to provide excellent customer service while efficiently and effectively fulfilling its statutory obligations.

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 strives 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. Budget reductions have impacted the agency's ability to provide needed technology solutions.

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 donations in South Carolina
- regulation and investigation of professional solicitors and fundraising counsel 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 the following 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 office, 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. When feasible, we utilize registered small and minority businesses in South Carolina and state printing services.

The office 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, 2011 we had the following staff:

- 26 full time employees in FTE positions
- 2 full-time temporary employees
- 2 college interns

7. Regulatory Environment

- South Carolina Code of Laws and Regulations

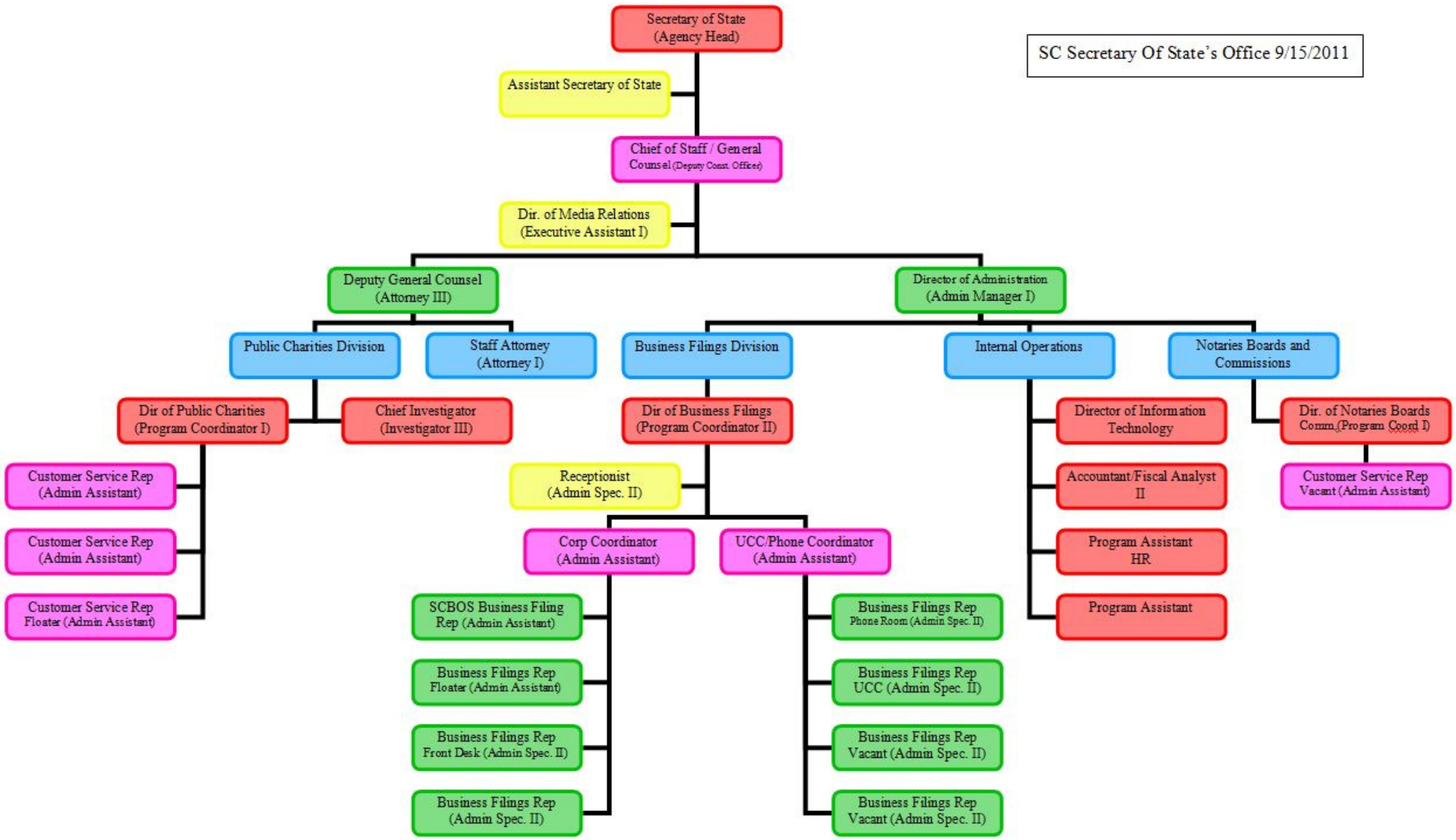
8. Performance Improvement System

The office continues to improve operations by automating as many functions as possible and by providing superior customer service. The Secretary of State's Office continues the process of placing data on the website to allow customers direct access to current and historical information.

Through our online charities filing system, Uniform Commercial Code (UCC) online filing, search and retrieval system, and South Carolina Business One Stop (SCBOS), we continue to offer e-government opportunities to our customers. During the next fiscal year, the office will continue to identify viable options to further enhance our ability to serve the customer.

In FY 11-12, the Business Filings Division will continue its customer service phone room for quick information or document orders for those customers who prefer telephone over online communication.

9. Organizational Structure



10. Accountability Report Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 09-10 Actual Expenditures		FY 10-11 Actual Expenditures		FY 11-12 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$ 1,093,988	$ 511,896	1,079,295	462,084	1,164,447	407,403
Other Operating	$ 480,937	$ 0	582,135	5,162	613,000	0
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	$ 345,899	$ 175,062	336,622	156,125	376,177	178,566
Non-recurring						
Total	$ 1,920,824	$ 686,958	1,998,052	623,371	2,153,624	585,969

Other Expenditures

Sources of Funds	FY 09-10 Actual Expenditures	FY 10-11 Actual Expenditures
Supplemental Bills	$ -	$ -
Capital Reserve Funds	$ 0	$ 0
Bonds		$ -

11. Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 09-10 Budget Expenditures	FY 10-11 Budget Expenditures	Key Cross Reference s 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: $686,958** **Federal: 0.00** **Other: $1,233,866** **Total: $1,920,824** **% of Total Budget: 100%**	**State: $623,371** **Federal: 0.00** **Other: $1,374,681** **Total: $1,998,052** **% of Total Budget: 100%**	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 – Senior Leadership, Governance, and Social Responsibility

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 value and 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 office, as well as in the long-range planning for the office's continued success. Senior staff members have worked hard to build an atmosphere that encourages teamwork and high productivity.

The Employee Performance Management System (EPMS) has been revamped for the office, 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 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 performance measures do senior leaders regularly review to inform them on needed actions? (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 and the governance board/policy making body? 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 and the accomplishment of strategic objectives?*

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 office 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 office. The open-door policy has been critical in creating the productive atmosphere in the office. During the year we had employee appreciation lunches and management shares commendation letters received with the entire office to highlight employee achievements.

11. How do 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.

Secretary of State Mark Hammond is active in a number of governmental and community organizations, and has received numerous awards and recognitions for his commitment to public service. Secretary Hammond is an ex-officio member of the South Carolina Consumer Affairs Commission and Legislative Council. He was recently appointed by the Executive Board of the National Association of Secretaries of State (NASS) as an At-Large Member where he will serve as the liaison to the Notary Public Administrators (NPA) section of the organization. He also serves on the International Relations Committee, the Standing Committee on Business Services, and the Company Formation Task Force for this same organization. In past years, he has served as a Spartanburg GOP Committeeman, as a delegate to the 2004 and 2008 Republican National Conventions, and as Vice President of the South Carolina Association of Countywide Elected Executives. Secretary Hammond has been named an Outstanding Alumnus by the South Carolina Shrine Bowl for Public Service, a Henry Toll Fellow by the Council of State Governments, a Colonel by the Honorable Order of the Kentucky Colonels, a Rising State Leader by the Canadian Embassy and Canadian Consulates General, a recipient of the Sesquicentennial Medal of Honor Award and an Outstanding Alumni, Newberry College. In 2009, Secretary Hammond was elected as a Trustee to Spartanburg Methodist College.

Category 2- Strategic Planning

Strategic Planning			
Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 10-11 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 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 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: however, this continues to be 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 your action plans?

The office 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. Staff cross-training continues to be critical in order for us to address the needs of the customers with a small staff.

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 a website address for that plan.

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 when appropriate. 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 their 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?*

> *I visited the office to process some paperwork. What a great experience! Instead of finding the typical disinterested, inattentive employees that are so common now days, I was helped by smiling, friendly, and professional people who bent over backwards to help me. Please pass on my appreciation.*
> *Customer email May 2011*

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 online 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?*

> ***I do not give out compliments readily, but it was like a breath of fresh air dealing with someone as competent and professional as (employee) was. She did your office proud.***
> *Customer comment October 2010*

We receive customer feedback via telephone calls, letters, and contact 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 to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups.*

We build positive relationships through responsive customer service and constantly strive to offer new and innovative ways for customers to file documents. Our customers often share with us feedback on how we exceed their expectations, which only encourages us to do even more.

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 making 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 service 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 not only to 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 turnaround 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, reliability, 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 10-11, we continued to monitor and update technology infrastructure to maintain data integrity.

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 workforce knowledge (knowledge assets)? How do you identify and share best practices as appropriate?*

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 Office of Human Resources NeoGov system. However, this fiscal year budgetary constraints prevented recruitment and many positions remained vacant. The barriers that we face are trying to find staff who can perform many different duties and who possess a variety of job skills based on 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. Regular management staff meetings are critical in assessing these needs.

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 agency attorneys attend Continuing Legal Education classes, which include ethics training. Senior management also leads 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 actively participates in the National Association of State Charity Officials, through conference calls, and also in Internal Revenue Service video seminars. Our Chief of Staff is a graduate of the Executive Institute. Our Director of Administration has been appointed by Governor Haley to serve on the E-Government Oversight Committee. 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 action 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 workforce to develop and utilize their full potential?

Dealing with customers while doing your work all day can be challenging; therefore, 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 isolated. 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 10-11, 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 obtain information on workforce 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 office-wide cross-training, staff members learn 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 major 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 their computer while on our website
- a corporate phone room to quickly resolve questions
- searchable corporate, UCC and charities databases on our website
- debit accounts for our larger business customers in our Business Filings division
- 24 hour online charity related filing capabilities
- a toll-free number in our charities division for customer inquiries and complaints
- online notary search

New Services we implemented this year were:

- The UCC online filing system to search, file and retrieve UCC documents 24 hours a day

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 work 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. However, budgetary constraints restrict many desired improvements.

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

Our key support management comes from 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.

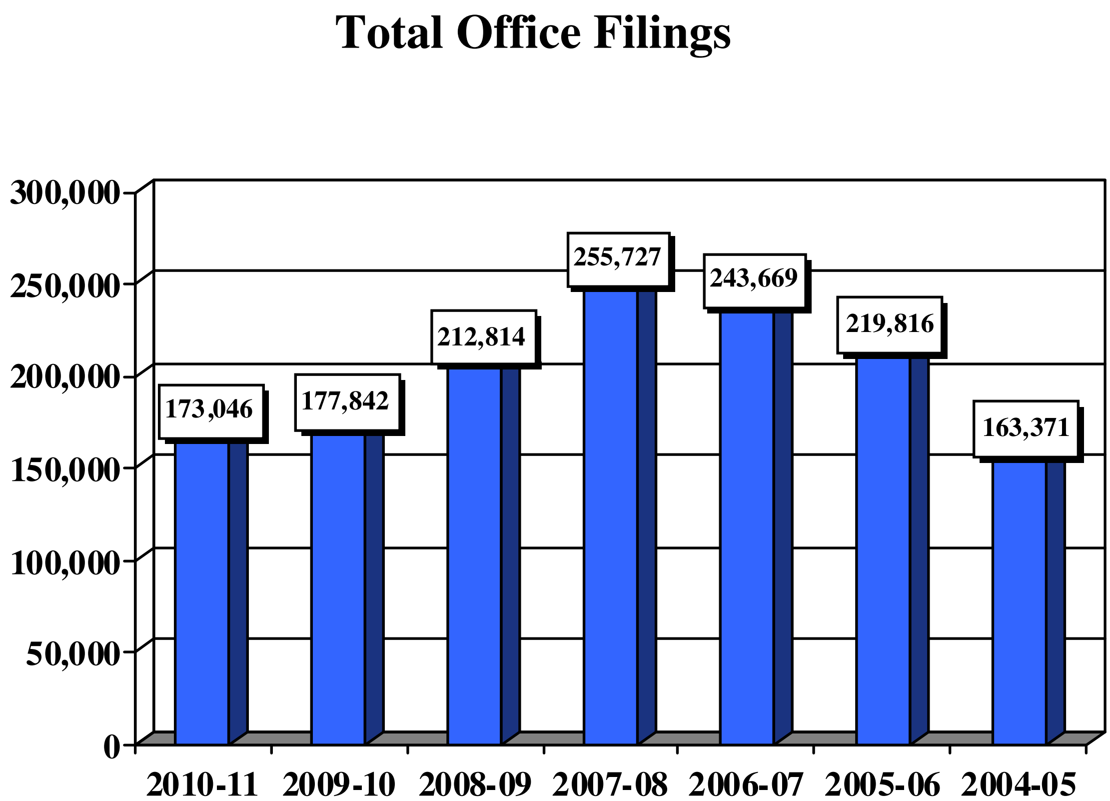
Category 7 – Results

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



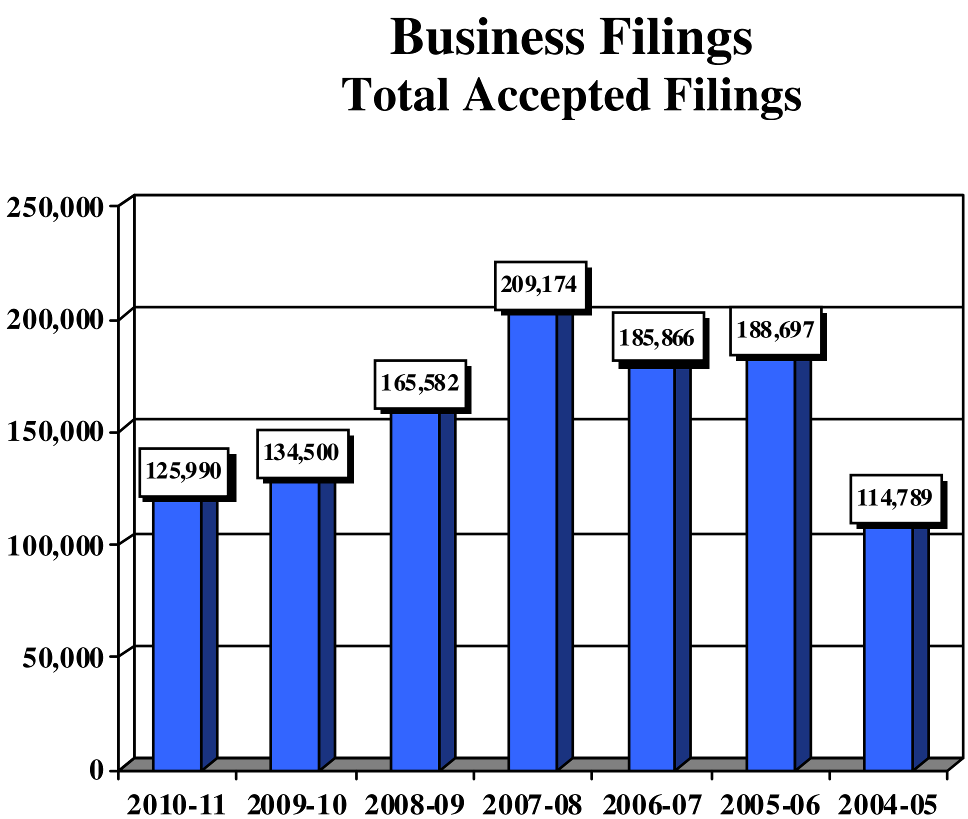
We continue to see a large volume of filings throughout the office. In FY 10-11 the office filed 173,046 documents to meet statutory requirements set forth by the General Assembly. This number does not include rejected filings or staff time spent with customers explaining the filing process. Staffing shortages greatly impact agency responsiveness, thus requiring leadership staff to manage resources as efficiently as possible. Legal staff assists not only staff on a daily basis, but members of the public and attorneys with many different questions and issues that arise related to the many different functions of the office.

We maintain high standards of customer service throughout the office. We continue to offer immediate filing services for walk-in customers at no additional charge. Our goal in the Business Filings division continues to be a 48-hour turnaround 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 or immediately online. The South Carolina Secretary of State continues to offer this service without additional fees as opposed to many states.

Our Business Filings Division is our highest volume division since it involves both Corporate and UCC filings.

The following charts from our Business Filings Division show the consistent high volume of filings.

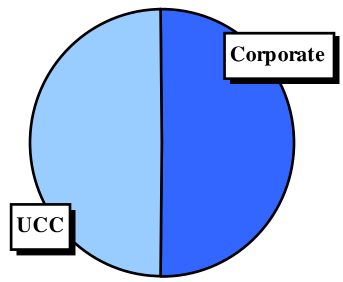
7.1-2



7.1-3

Business Filings
Corporate v. UCC

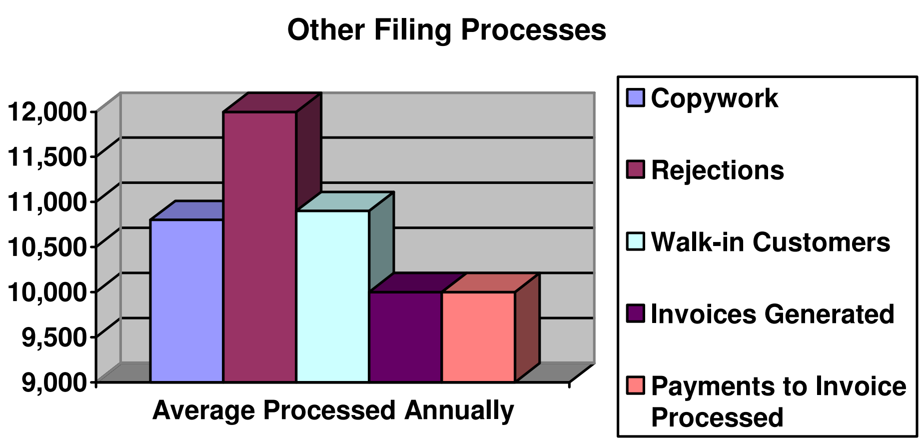
FY 2010-11



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 turnaround. The turnaround 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.

In addition to processing accepted filings the division also does a large volume of other work on a daily basis.

7.1-4



Commitment to Electronic Government

In FY 10-11, we launched our online UCC search, file, and retrieval system for 24 hour a day customer access. We have already seen a dramatic increase in the number of online searches and the number of online filings will continue to increase as we implement additional customer filing capabilities. 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, Charities and Notary Public 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. The Charities online filing system allows customers to file online 24 hours a day.

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.

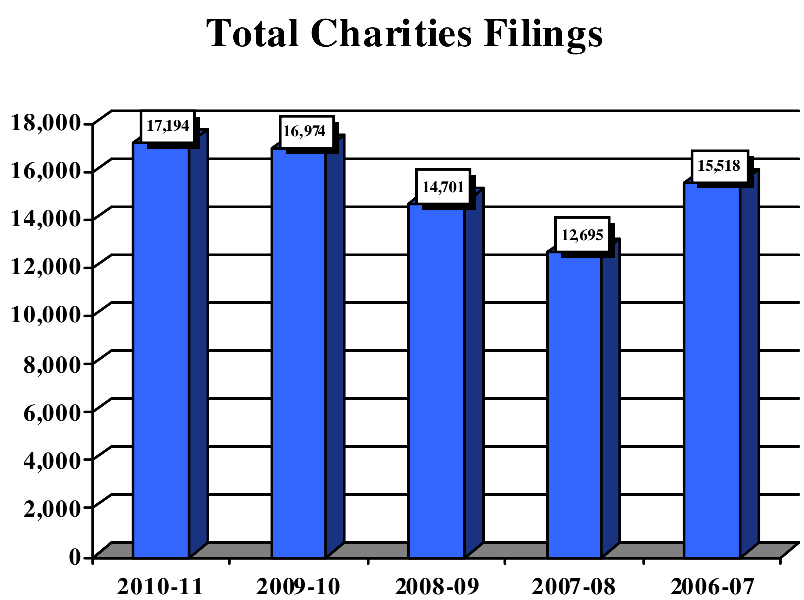
The agency continues to add services to the website to enhance the customer's access to information and services. Hosting the website in-house not only is more cost-effective and more secure, but it allows for additional enhancements and offerings to customers to be made faster.

Charities Division

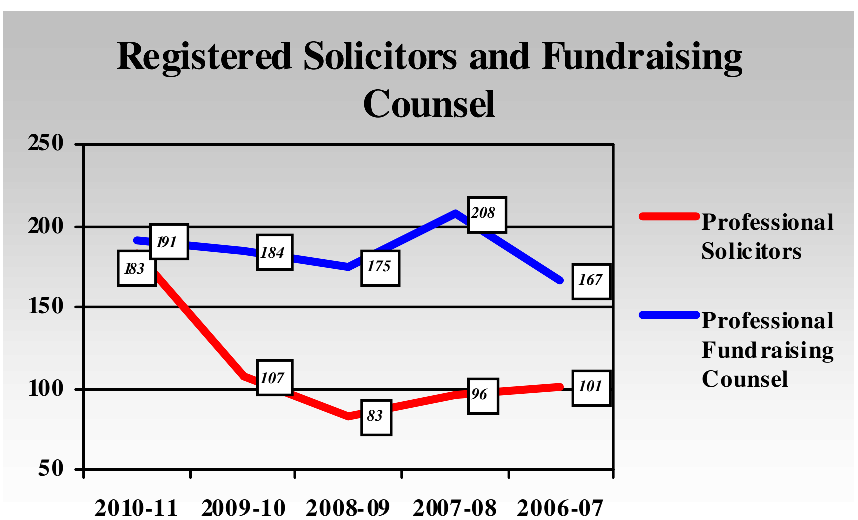
The mission of the Charities Division is to: 1) efficiently register all charities that are soliciting fundraising in South Carolina, including all of their professional solicitors and fundraisers; 2) review all of the annual financial reports submitted by registered charities and fundraisers; and 3)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

All charities and professional fundraisers must register annually with the office and file 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. Increased understanding of how charitable dollars are spent leads to more informed decisions when making donations.

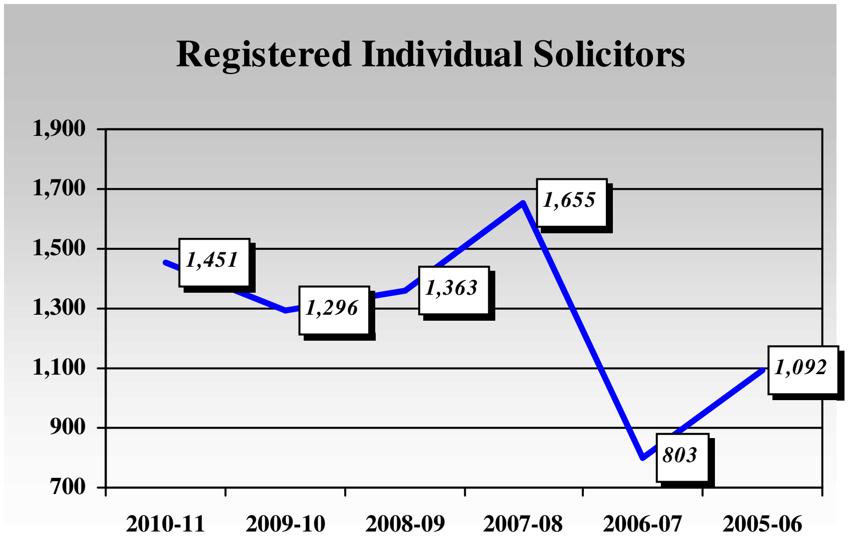
7.1-5


Total Charities Filings
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
17,194
16,974
14,701
12,695
15,518
2010-11
2009-10
2008-09
2007-08
2006-07

7.1-6


Registered Solicitors and Fundraising Counsel
250
200
150
100
50
191
184
175
208
167
183
107
83
96
101
2010-11
2009-10
2008-09
2007-08
2006-07
Professional Solicitors
Professional Fundraising Counsel

7.1-7



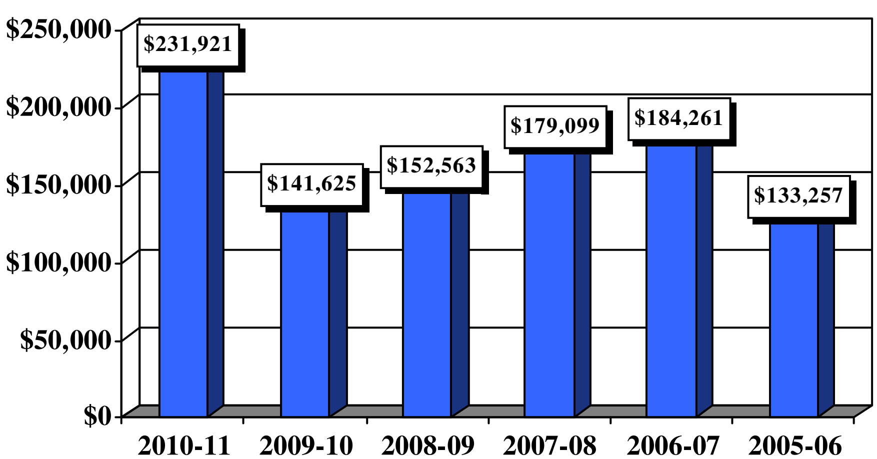
This last chart shows the number of actual individuals registered as professional solicitors in South Carolina.

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.

7.1-8

The Charities Division proactively sends out notices to all charities and fundraisers reminding them to register and to file financial reports. However, the need to issue fines for those in non-

Fines Collected by the Charities Division



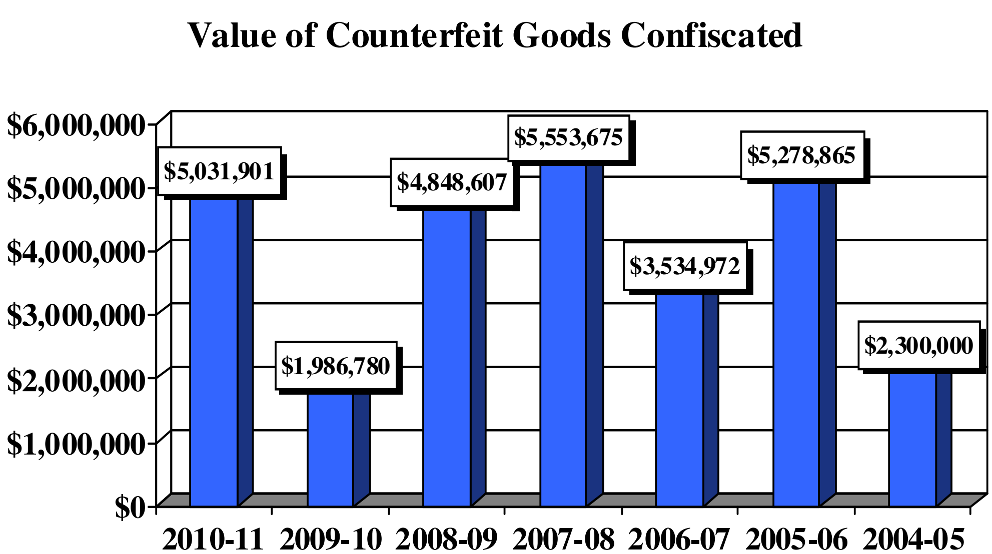
compliance remains. In FY 10-11 the division collected an unprecedented amount of fines due to increased enforcement efforts and public outreach to educate charitable donors.

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 10-11, 759 trademark registrations and renewals were filed in the office. Our office also measures the amount of counterfeit goods confiscated by law enforcement with the assistance from our investigator who works 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 10-11, our trademarks division assisted law enforcement in the confiscation of nearly $5,031,901 in counterfeit goods and the arrest of 57 individuals for trafficking in counterfeit goods.

Since FY 04/05 the office has assisted in the confiscation of over $28 million in counterfeit goods.

7.1-9

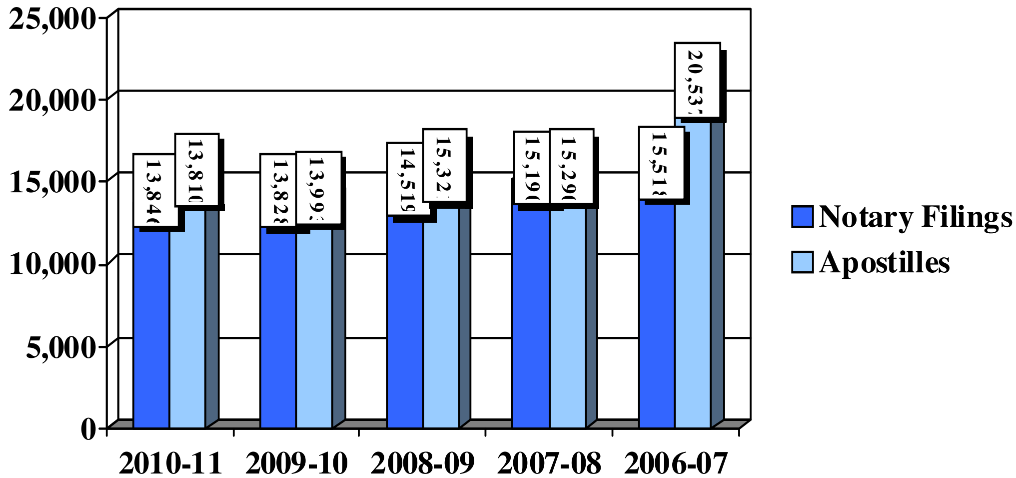


Notaries, Apostilles, Boards and Commissions

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.

7.1-10

Notary and Apostille Filings



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 gauge customer satisfaction is daily feedback from our customers. Many customers come to our office in person to file documents, place calls to the business filings call center, and visit our website. The office strives to respond to all customer requests within 24 hours and provide access to any member of the management team if needed.

In addition to the feedback we receive from our telephone and walk-in customers, we also have a contact and feedback form and website survey on the agency website to encourage customer feedback.

Contact and Feedback Form

Staff members receive several hundred messages through this means every month. Messages are routed by department and staff in each division reviews these requests daily. Managers randomly review all requests to incorporate common requests into the business plan.

7.2-1

CONTACT AND FEEDBACK

Thank you for visiting the online office of the South Carolina Secretary of State. We are working hard to revolutionize the way you do business in South Carolina. Please let us know if you have any feedback, questions or concerns.

Feedback Form

Name:

Company:

Address:

City, State, Zip:

Email:

Department: Boards and Commissions

Specific Area:

Comments:

Website Survey

We also evaluate whether we are meeting the needs of our customers through a website survey. Survey results range from extremely positive to very unsatisfied. We have found that a large percentage of those customers who are not satisfied with our website are either requesting more online services or are requesting items outside the scope of this office. As mentioned previously we are working to provide as many online services as possible; however, due to limited funding the process is slow. We were able to address the request of providing a notary search on our website and we are now offering online UCC filing, search and retrieval services.

7.2-2 Survey Form

1. Was this site helpful?

   Yes No
2. Did you find the information that you were looking for?

   Yes No
3. What subject matter were you looking for?

   Please select one...

4. How does this site compare in helpfulness and ease of use with other state and government websites?

   Please select one...

5. How often do you visit our website?

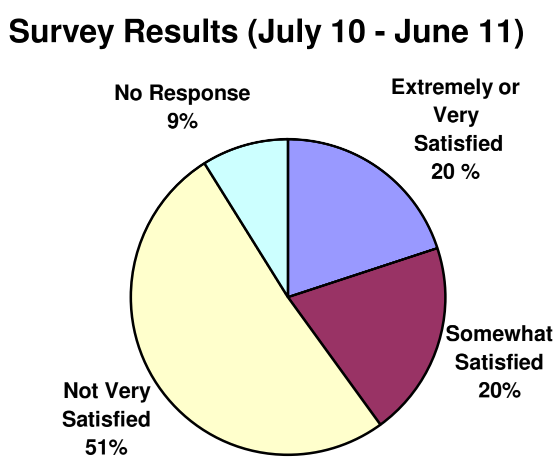
   Please select one...

6. Overall, how satisfied were you with your website visit?

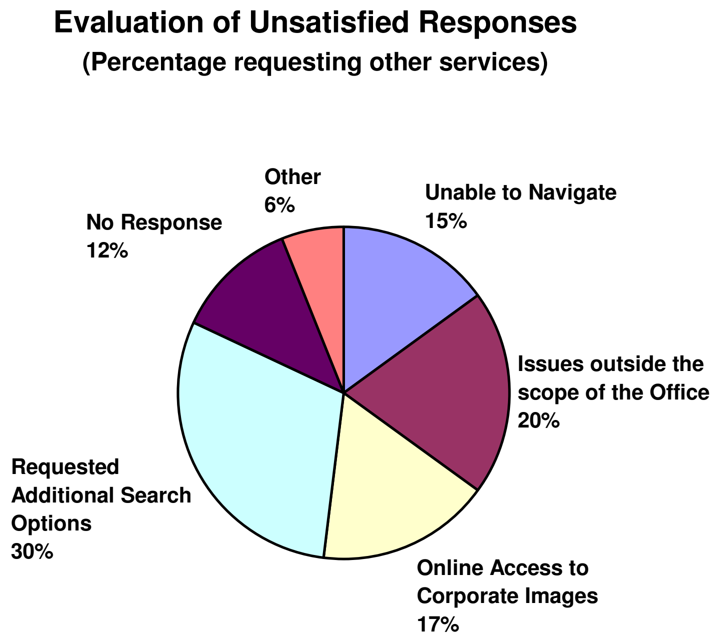
   Please select one...

7. Comments?

7.2-3



7.2-4



Other Measures

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.

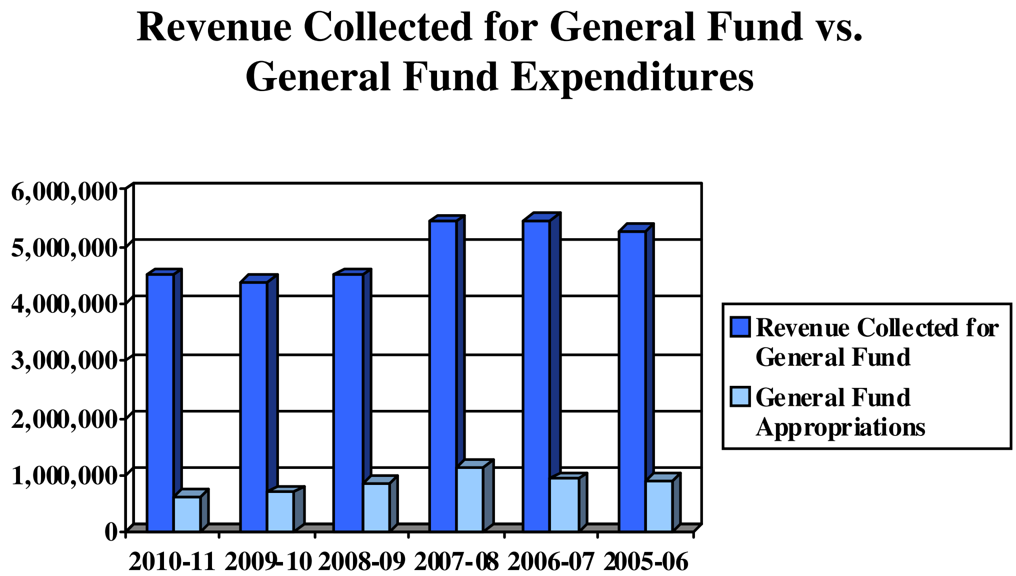
It is difficult to compare our agency with other secretary of state's offices. Other secretaries' offices throughout the nation perform different duties as mandated by state law. In addition, the statutes that govern these agency processes vary greatly nationwide. Agency size is also a factor that limits meaningful comparison.

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. 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, in FY 10-11, the Secretary of State's Office generated revenue for the General Fund that far exceeded its appropriated funds. This year the office returned more than seven times its appropriations.

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

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 turnaround for business filing documents
- Maintaining a high ratio of funds returned to the state compared to funds used for the operation of the office
- Effective administration and enforcement 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.