

Legislative Oversight Committee

Staff Study of the South Carolina Comptroller General's Office



Executive Subcommittee Meeting, September 10, 2015



STATED PURPOSE OF OVERSIGHT

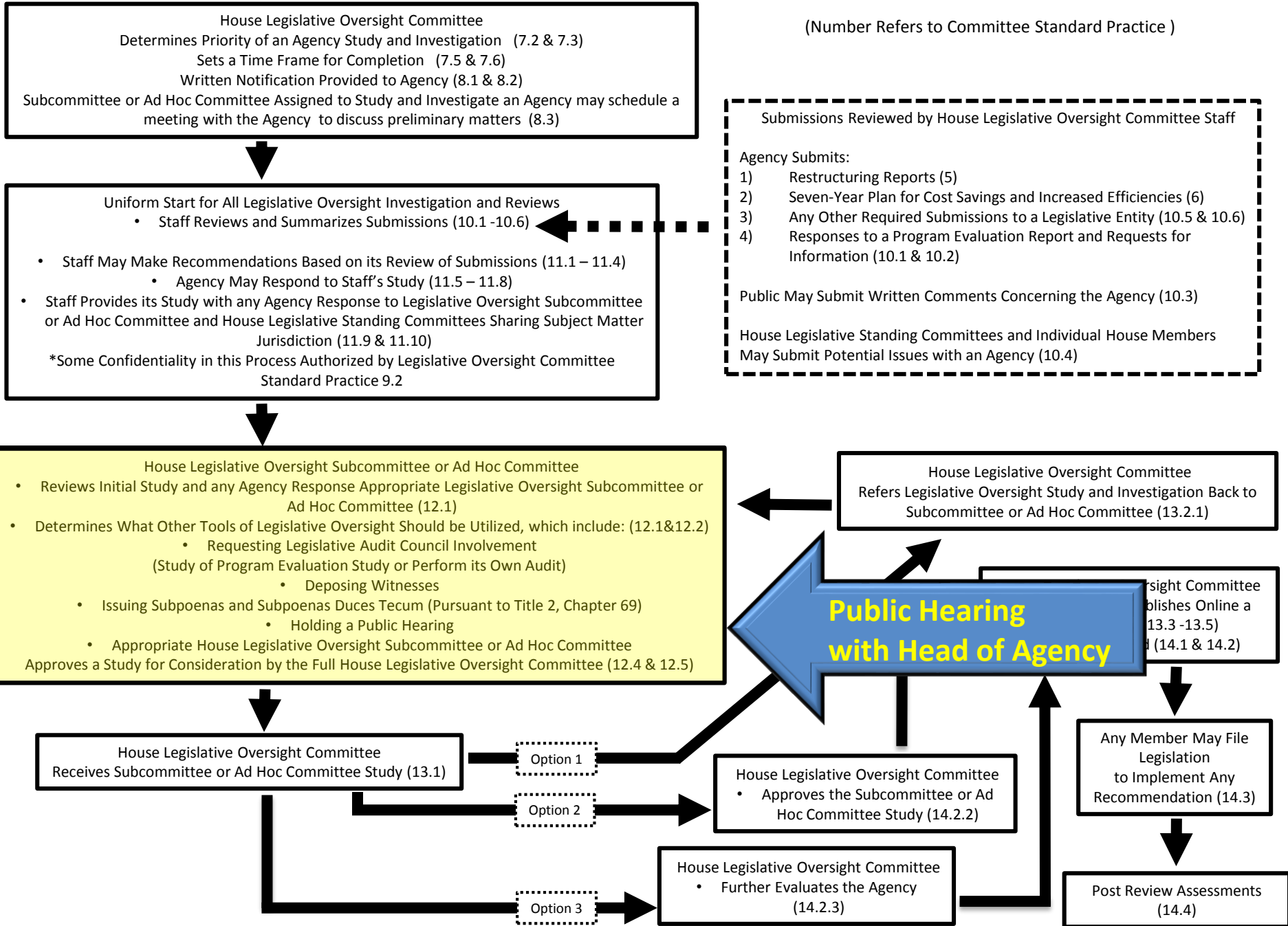


The purpose of these oversight studies and investigations is to **determine if agency laws and programs** within the subject matter jurisdiction of a standing committee:

- (1) are being **implemented and carried out in accordance with the intent of the General Assembly**; and
- (2) should be **continued, curtailed, or even eliminated**.

House Legislative Oversight Committee's Study and Investigation Process

(Number Refers to Committee Standard Practice)



House Legislative Oversight Committee's Study and Investigation Process

(Number Refers to Committee Standard Practice)

House Legislative Oversight Committee
 Determines Priority of an Agency Study and Investigation (7.2 & 7.3)
 Sets a Time Frame for Completion (7.5 & 7.6)
 Written Notification Provided to Agency (8.1 & 8.2)
 Subcommittee or Ad Hoc Committee Assigned to Study and Investigate an Agency may schedule a meeting with the Agency to discuss preliminary matters (8.3)

Submissions Reviewed by House Legislative Oversight Committee Staff

Agency Submits:

- 1) Restructuring Reports (5)
- 2) Seven-Year Plan for Cost Savings and Increased Efficiencies (6)
- 3) Any Other Required Submissions to a Legislative Entity (10.5 & 10.6)
- 4) Responses to a Program Evaluation Report and Requests for Information (10.1 & 10.2)

Public May Submit Written Comments Concerning the Agency (10.3)

House Legislative Standing Committees and Individual House Members May Submit Potential Issues with an Agency (10.4)

Uniform Start for All Legislative Oversight Investigation and Reviews

- Staff Reviews and Summarizes Submissions (10.1 -10.6)
- Staff May Make Recommendations on its Review of Submissions (11.1 – 11.4)
 - Agency May Respond to Staff's Study (11.5 – 11.8)
- Staff Provides its Study with a Report to Legislative Oversight Subcommittee or Ad Hoc Committee and House Legislative Oversight Committees Sharing Subject Matter Jurisdiction

*Some Confidentiality in this Process Applicable to Legislative Oversight Committee Standard Practice

Full Committee approves and publishes online

House Legislative Oversight Subcommittee or Ad Hoc Committee

- Reviews Initial Study and any Agency Response Appropriate to Subcommittee or Ad Hoc Committee (12.1)
- Determines What Other Tools of Legislative Oversight Should be Used (12.2)
 - Requesting Legislative Audit Council Involvement (12.2)
 - Deposing Witnesses
- Issuing Subpoenas and Subpoenas Duces Tecum (Pursuant to Title 2)
- Holding a Public Hearing
- Appropriate House Legislative Oversight Subcommittee or Ad Hoc Committee Approves a Study for Consideration by the Full House Legislative Oversight Committee (12.4 & 12.5)

House Legislative Oversight Committee
 Refers Legislative Oversight Study and Investigation Back to Subcommittee or Ad Hoc Committee (13.2.1)

House Legislative Oversight Committee

- Approves and Publishes Online a Final Study (13.3 -13.5)
- Briefing Offered (14.1 & 14.2)

House Legislative Oversight Committee
 Receives Subcommittee or Ad Hoc Committee Study (13.1)

Option 1

Option 2

Option 3

House Legislative Oversight Committee

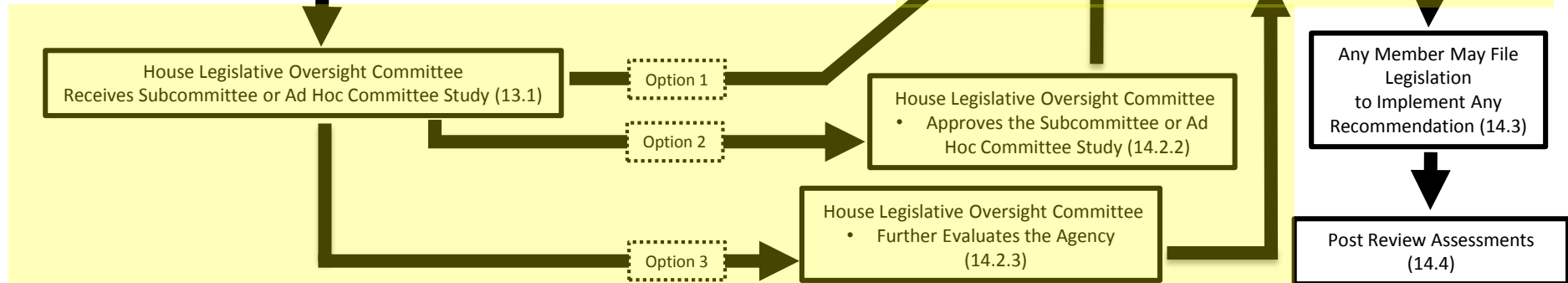
- Approves the Subcommittee or Ad Hoc Committee Study (14.2.2)

House Legislative Oversight Committee

- Further Evaluates the Agency (14.2.3)

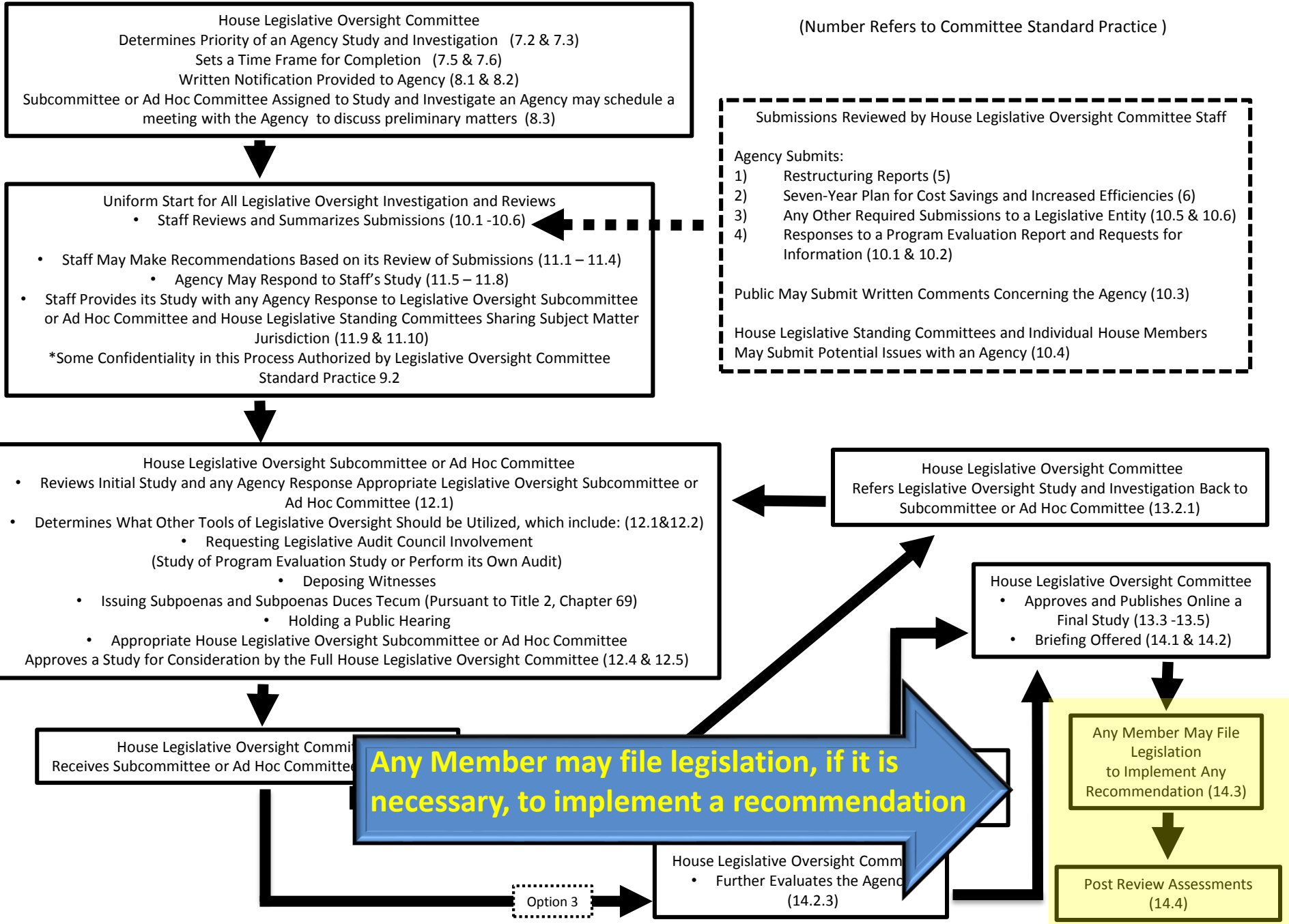
Any Member May File Legislation to Implement Any Recommendation (14.3)

Post Review Assessments (14.4)



House Legislative Oversight Committee's Study and Investigation Process

(Number Refers to Committee Standard Practice)



EXPECTATIONS



What to Expect

- **Oversight Studies** by your elected Representatives
- Ability for the **public to be involved in the process**
- **Identification** by the House and Agency of areas for improvement within the agency
- **Recommendations** for improvements
- **Central source of information** for the public and legislators

What NOT to expect

- Finding every issue or potential area of improvement at every agency
- Solving every issue at every agency
- Solutions or recommendations that satisfy every legislator, agency personnel and member of the public.

Agency's Mission

Staff Study Visual Summary Table 2 on page 7, Page 13 under Responsibilities, and Pages 19-27 as a footnote to the summary of the agency's goals, strategies and objectives



“TO PROVIDE SERVICES TO STATE AGENCIES AND DEPARTMENTS FOR PAYROLL, VENDOR PAYMENT PROCESSING AND ACCOUNTING SUPPORT [AND TO C]ONTINUOUSLY REVIEW AND IMPROVE PAYROLL, VENDOR PAYMENT PROCESSING AND ACCOUNTING SUPPORT FOR STATE GOVERNMENT TO BETTER SAFEGUARD RESOURCES AND BETTER SERVE THE STATE AS A WHOLE.”

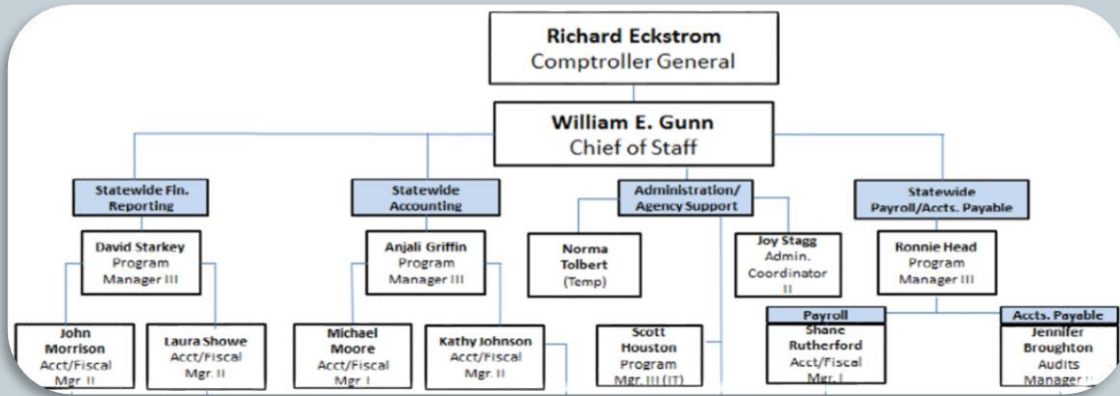
SEE SC CODE OF LAWS SECTION 2-65-60; 8-11-33; 11-3-185; PROVISIO 97.2

Organizational Structure & Full Time Employees

Staff Study – pg. 12, Figure 2.1 & Figure 2.2



Agency Organizational Structure



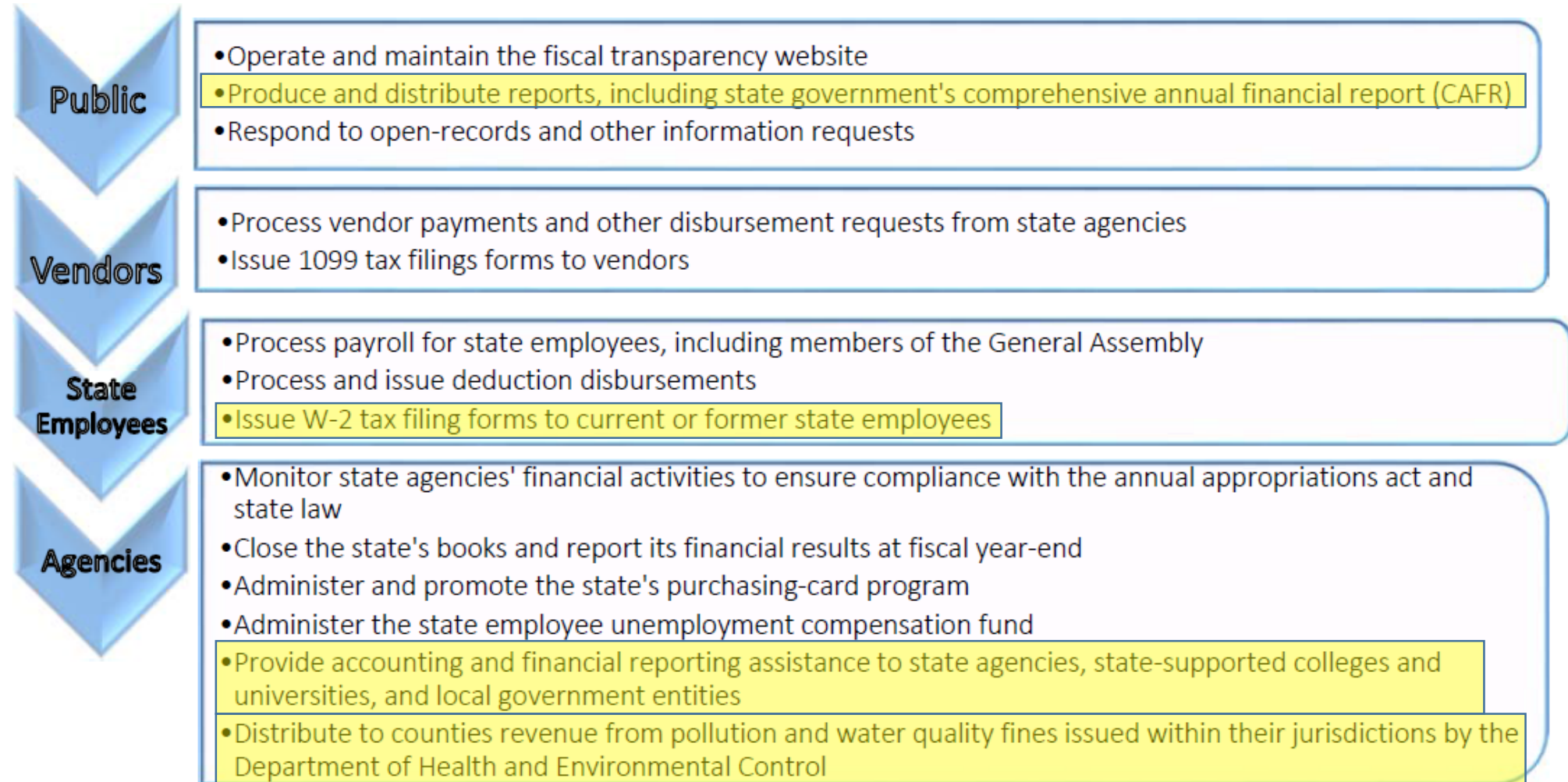
Authorized FTEs for the past 10 years

Authorized Agency Staffing Levels



Services and Products Provided by the Agency

Staff Study – page 14, Table 4



Relationships

Staff Study – pages 14-15, Figure 3 and Table 5

Entity	Partner	Customer	Stakeholder
SC Enterprise Information System (SCEIS) Team	✓		
State Treasurer's Office	✓	✓	✓
Division of Technology Operations	✓		
Public Employee Benefit Authority	✓	✓	✓
SC Department of Revenue	✓	✓	✓
Board of Economic Advisors	✓		✓
State Vendors		✓	✓
State Officials		✓	✓
Citizens		✓	✓
State Employees		✓	✓
News Media		✓	✓
State Agencies and State Supported Colleges and Universities	✓	✓	✓
SC Judicial Department		✓	✓
SC Department of Health and Environmental Control		✓	✓
Local Government Entities		✓	✓
Credit Rating Agencies		✓	✓

Entity	Partner	Customer	Stakeholder
Public School Districts		✓	✓
Accounting firms		✓	✓
Internal Revenue Service			✓
Voters			✓
Members of the General Assembly	✓	✓	✓
SC Interactive LLC			✓
SC Retirement System Investment Commission			✓
Budget and Control Board/State Fiscal Accountability Authority			✓
SC Tobacco Settlement Revenue Management Authority			✓
State Education Assistance Authority			✓
SC Resources Authority			✓
SC Water Quality Revolving Fund Authority			✓
Investors in state bonds		✓	
Legal counsel for state bond issuances		✓	✓
Governmental Accounting Standards Boards (GASB)			✓
National Association of State Comptrollers			✓

Total Funding

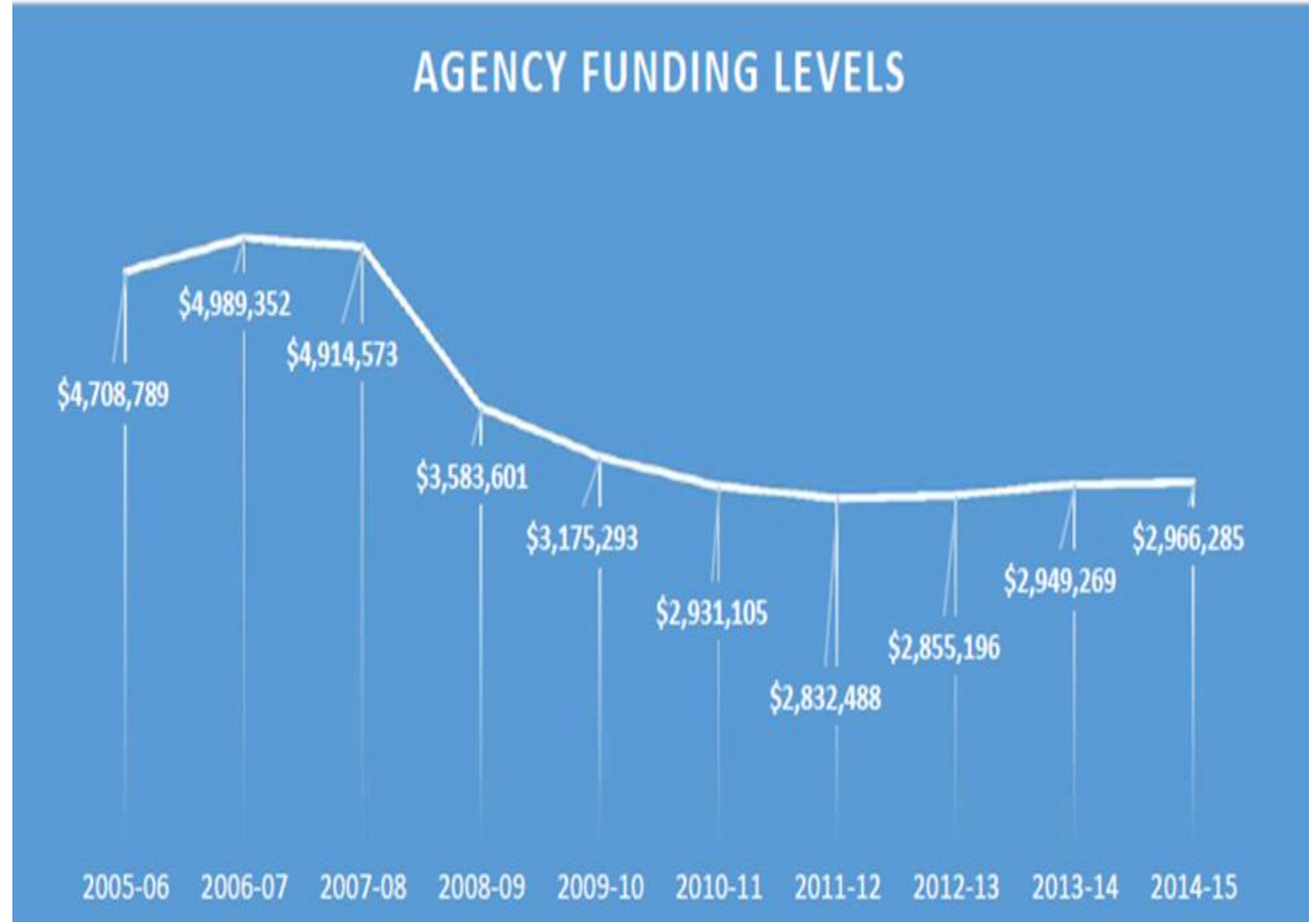
Staff Study – page 16, Table 6 and Figure 4

Year	2005-06	2006-07	2007-08
Total Agency Budget	\$4,708,789	\$4,989,352	\$4,914,573
Increase or Decrease/year		+5.9%	-1.4%
Increase or Decrease since fiscal year 2005-06		+5.9%	+4.37%

Year	2008-09	2009-10
Total Agency Budget	\$3,583,601 (\$4,428,822 - Mid-Year Reduction of \$845,221 ⁶⁹)	\$3,175,293 (\$3,198,663 - Mid-Year Reduction of \$23,370 ⁷⁰)
Increase or Decrease/year	-27.0%	-11.3%
Increase or Decrease since fiscal year 2005-06	-23.8%	-32.5%

Year	2010-11	2011-12	2012-13
Total Agency Budget	\$2,931,105	\$2,832,488	\$2,855,196
Increase or Decrease/year	-8.3%	-3.3%	+0.8%
Increase or Decrease since fiscal year 2005-06	-37.7%	-39.8%	-39.3%

Year	2013-14	2014-15
Total Agency Budget	\$2,949,269	\$2,966,285
Increase or Decrease/year	+3.2%	+0.5%
Increase or Decrease since fiscal year 2005-06	-37.3%	-37.0%



Agency's Plan

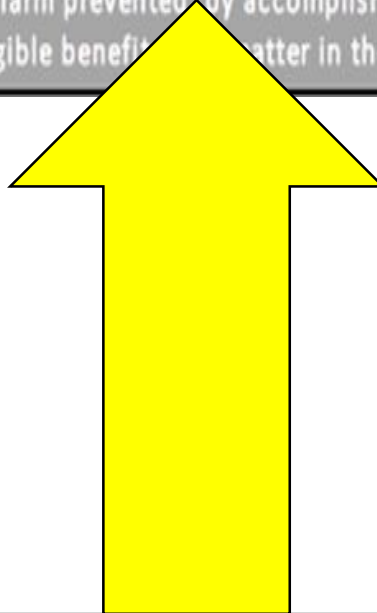
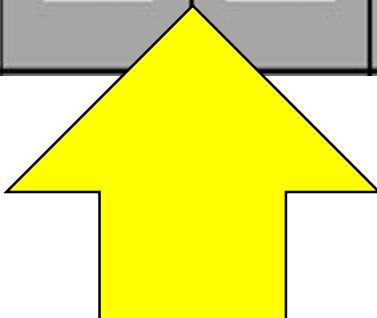
Staff Study – page 19-27, Table 9

Goals, Strategies and Objectives			% of Total Spending		Outcome	
<u>G</u>	<u>S</u>	<u>O</u>	<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
<u>Description</u>						
Goal 1 (highest spent on a goal)		Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31% \$1,021,992	33.87% \$797,332	Accountable, efficient, timely operation of the agency's Statewide Payroll/Accounts Payable Division (program area)	
Strategy 1.1 (tied for 2nd highest spent on an objective)		Process disbursement requests by agencies in a timely manner			Prompt, efficient accounts payables operation for the state, its vendors and agencies	
Objective 1.1.1		Process disbursement requests by agencies within four (4) business days	8.83% \$255,498	8.47% \$199,333	Prompt, efficient accounts payables operation for the state, its vendors and agencies	Assoc. Agency Programs Statewide Accounts Payable/Payroll
		How agency measures its performance:	Avg. # of days for document turnaround in the Accounts Payable Division (2.24 days in 2013-14; Target in 2014-15 is 4 days; 3.5 days as of 4/30/15; Target met)			
Strategy 1.2		Process annual 1099s in a timely manner			Compliance with Internal Revenue Service requirements and expeditious provision of required tax filing information to approximately 8,000 vendors	
Objective 1.2.1		Issue 1099s by Jan. 31 annually	3.53% \$102,199	3.39% \$79,733	Compliance with Internal Revenue Service requirements	Assoc. Agency Programs Statewide Accounts Payable/Payroll
		How agency measures its performance:	Issue all 1099's by 01/31 each year (accomplished in 2013-14 and 2014-15)			

Agency's Plan

Staff Study – page 19-27, Table 9

Goals, Strategies and Objectives			% of Total Spending		Outcome
<u>G</u>	<u>S</u>	<u>O</u>	<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))
<u>Description</u>					



% of Total Spending = Percent of the total agency spending that went toward each goal and objective. The amount for each goal is obtained by adding together the total amounts for all the objectives under that goal.

Outcome = Public benefit provided, or harm prevented, by accomplishment of a goal or objective (i.e. tangible benefits that matter in the lives of citizens). If a goal or objective does not provide some type of tangible benefit to any citizens in South Carolina, the agency should consider revising or eliminating it from the agency's strategic plan.

Agency's Plan

Staff Study – page 19-27, Table 9

G	S	O	Goals, Strategies and Objectives	% of Total Spending		Outcome
			Description	2013-14	2014-15	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))
Goal 1			Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31% \$1,021,992	33.87% \$797,332	Accountable, efficient, timely operation of the agency's Statewide Payroll/Accounts Payable Division (program area)

Goals = Statement of what the agency hopes to achieve in the next 2-3 years. At the highest level, each agency's goals should logically and naturally derive from the agency's mission statement.

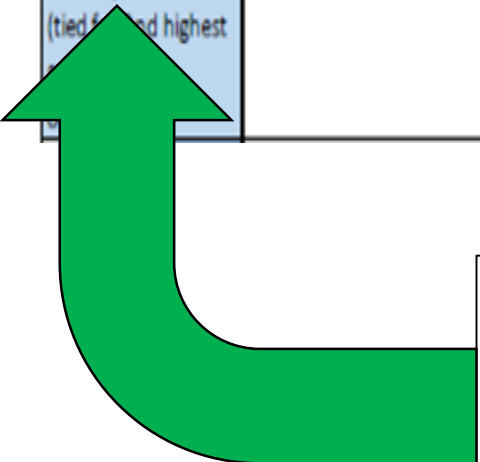
Agency Mission: "To provide services to state agencies and departments for payroll, vendor payment processing and accounting support [and to c]ontinuously review and improve payroll, vendor payment processing and accounting support for state government to better safeguard resources and better serve the State as a whole." (SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.)

Agency Vision: "To be recognized as state government's central source for useful financial data that leads to more open and accountable government." (SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.)

Agency's Plan

Staff Study – page 19-27, Table 9

Goals, Strategies and Objectives			% of Total Spending		Outcome	
<u>G</u>	<u>S</u>	<u>O</u>	<u>Description</u>	<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))
Goal 1			Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31% \$1,021,992	33.87% \$797,332	Accountable, efficient, timely operation of the agency's Statewide Payroll/Accounts Payable Division (program area)
	Strategy 1.1		Process disbursement requests by agencies in a timely manner			Prompt, efficient accounts payables operation for the state, its vendors and agencies

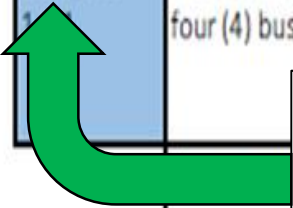


Strategy = A concise statement of a high-level approach an agency is taking in pursuit of a goal. It is a descriptive, complex action comprised of multiple action steps. Good action verbs to start the description of a strategy include develop, design, establish, enhance, implement, etc.

Agency's Plan

Staff Study – page 19-27, Table 9

Goals, Strategies and Objectives			% of Total Spending		Outcome	
<u>G</u>	<u>S</u>	<u>O</u>	<u>Description</u>	<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))
Goal 1			Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31% \$1,021,992	33.87% \$797,332	Accountable, efficient, timely operation of the agency's Statewide Payroll/Accounts Payable Division (program area)
Strategy 1.1			Process disbursement requests by agencies in a timely manner			Prompt, efficient accounts payables operation for the state, its vendors and agencies
Objective 1.1			Process disbursement requests by agencies within four (4) business days	8.83% \$255,498	8.47% \$199,333	Prompt, efficient accounts payables operation for the state, its vendors and agencies



Objective = Specific, measurable and achievable description of an effort the agency is actively implementing over a defined period of time as part of a broader strategy to meet a certain goal. These have to be measurable and time bound because they let the agency know if the strategy worked.

Agency's Plan

Staff Study – page 19-27, Table 9

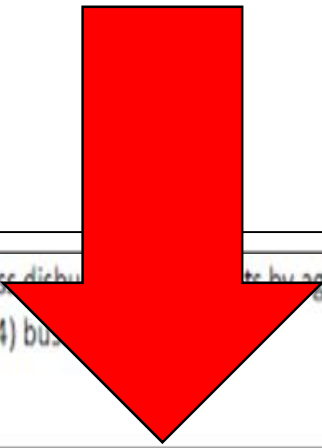
Assoc. Agency Programs = Programs the agency states relate to a particular objective. A program may relate to a single objective, multiple objectives within the same goal, or even multiple objectives under different goals.

Strategy 1.1 (tied for 2nd highest spent on an objective)	Disbursement requests by agencies in a timely manner	Prompt, efficient accounts payables operation for the state, its vendors and agencies	Agencies	Assoc. Agency Programs Statewide Accounts Payable/Payroll
Objective 1.1.1				
How agency measures its performance:				Avg. # of days for document turnaround in the Accounts Payable Division (2.24 days in 2013-14; Target in 2014-15 is 4 days; 3.5 days as of 4/30/15; Target met)

Agency's Plan

Staff Study – page 19-27, Table 9

Performance Measures = Method for gauging whether or not the objective is being accomplished efficiently and intended results are being achieved.



(Objective)					
Objective 1.1.1	Process disbu four (4) bus	ts by agencies within 8.83% \$255,498	8.47% \$199,333	Prompt, efficient accounts payables operation for the state, its vendors and agencies	Assoc. Agency Programs Statewide Accounts Payable/Payroll
How agency measures its performance:		Avg. # of days for document turnaround in the Accounts Payable Division (2.24 days in 2013-14; Target in 2014-15 is 4 days; 3.5 days as of 4/30/15; Target met)			

Agency's Plan

Staff Study – page 19-27, Table 9

Goals, Strategies and Objectives			% of Total Spending		Outcome	
<u>G</u>	<u>S</u>	<u>O</u>	<u>Description</u>	<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))
Goal 1			Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31% \$1,021,992	33.87% \$797,332	Accountable, efficient, timely operation of the agency's Statewide Payroll/Accounts Payable Division (program area)
	Strategy 1.1		Process disbursement requests by agencies in a timely manner			Prompt, efficient accounts payables operation for the state, its vendors and agencies
		Objective 1.1.1	Process disbursement requests by agencies within four (4) business days	8.83% \$255,498	8.47% \$199,333	Prompt, efficient accounts payables operation for the state, its vendors and agencies
						Assoc. Agency Programs Statewide Accounts Payable/Payroll
			How agency measures its performance:	Avg. # of days for document turnaround in the Accounts Payable Division (2.24 days in 2013-14; Target in 2014-15 is 4 days; 3.5 days as of 4/30/15; Target met)		

Potential Negative Impact

Staff Study – page 29, Table 10

- Most potential negative impact on the public if the agency’s programs were to have substandard performance.
- At what level does the agency think the General Assembly should be put on notice of a potential problem.

Program	Potential negative impact	Level at which the agency thinks the General Assembly should be put on notice
Statewide Accounts Payable/Payroll Program Effectiveness and Efficiency Ranking: Tied for #1 (1 is most effective and efficient)	Employees and vendors are paid late or improperly	<u>Payroll</u> : Any problem that affects timely, accurate processing <u>Vendor payments</u> : If they exceed two-week turnaround
Statewide Financial Reporting Program Effectiveness and Efficiency Ranking: Tied for #1	Information is not provided timely to the state's bond rating agencies, potentially affecting its rating	If the quality or timeliness of the agency's financial reports generate inquiry from the state's bond rating agencies
Statewide Accounting Program Effectiveness and Efficiency Ranking: Tied for #2	Accounts are not monitored or loaded correctly causing an incorrect account of expenditures, revenues, etc.	If State agencies are not completing a timely review and monthly monitoring to identify deficits or negative impacts there would be a delay in communicating such information to the General Assembly; This information should be communicated as soon as it is identified
Other Services (Information Technology; Transparency Website, FOIA Compliance, P-Card Oversight, CAFR Review, & Other Special Reports) Program Effectiveness and Efficiency Ranking: Tied for #2	<u>Transparency Website, etc.</u> : Government expenditure data and other information not provided to the public	If agency operations are disrupted or information requested is not provided
Administration Program Effectiveness and Efficiency Ranking: #3	Agency customers (vendors, state employees, etc.) are adversely impacted if programs serving them are not properly supported by Administration	If HR, procurement, or other state guidelines are not followed or receive exceptions in audits

Public Comments

Staff Study – page 12



OF THE 1,788 INDIVIDUALS WHO PARTICIPATED IN THE SURVEY, 797 RESPONDED THAT THEY WOULD LIKE TO PROVIDE INPUT ON THE COMPTROLLER GENERAL.

OVERALL, WHAT IS YOUR CURRENT OPINION OF THE AGENCY?

Positive or Very Positive – 52.4%
Do not have an opinion – 29.8%
Negative or Very Negative – 17.8%

HOW DO YOU THINK THE AGENCY FUNCTIONS ON AN OVERALL BASIS IN COMPARISON TO OTHER STATE AGENCIES?

About the same – 55.4%
Better or Much Better – 22.6%
Do not have an opinion – 15.8%
Worse or much worse – 6.2%

Agency's Recommendations

Staff Study – page 8, Visual Summary Table 3, and pages. 29-30

Head of Agency (these would require state constitutional amendments)

- Establishing minimum professional qualifications for the Comptroller General
- Appointing rather than electing the Comptroller General

Eliminate Duplication

- Converting state treasury functions to SCEIS so that STARS can ***finally*** be retired to avoid the need for the agency to run duplicate accounting systems

Additional Personnel, Expanded Training and Career Development

- Providing enhanced accounting support to state agencies (\$260,000 to hire four FTEs)
- Establishing an internal audit function (\$60,000 to hire one FTE)
- Providing expanded training and career development opportunities for accountants throughout state government

Streamlining Processes

- Streamlining process for distributing pollution and water quality fines revenue to counties
- Streamlining process for issuing duplicate W-2 forms

Discussion of Laws

- Deletion of 34 outdated laws
- Modification of 107 laws for various reasons, including, but not limited to, accounting is performed internally by DMV on its Phoenix subsystem for all transactions involving licensing, titling and vehicle registrations