ACCOUNTABILITY REPORT

STATE OF SOUTH CAROLINA
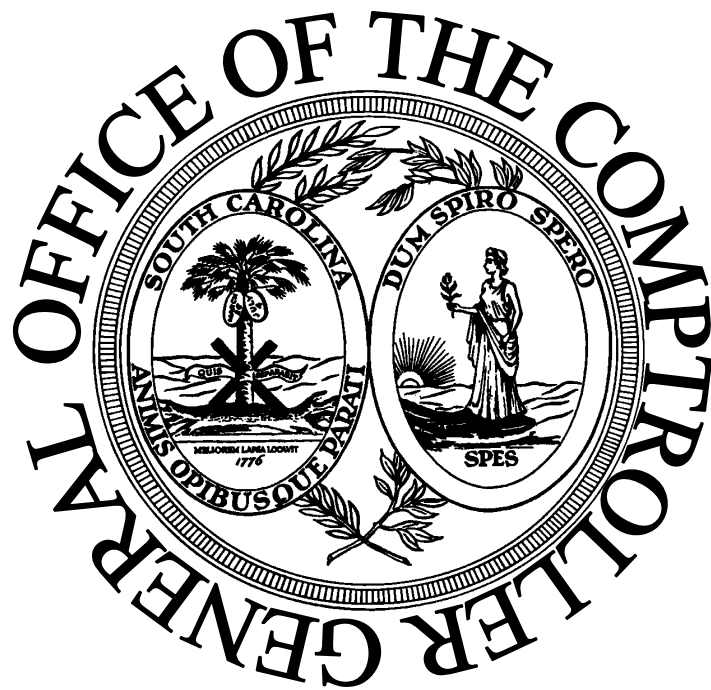
Fiscal Year 2004-2005

State of South Carolina
Office of Comptroller General

1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201

Telephone: (803) 734-2121
Fax: (803) 734-2064
E-Mail: cgoffice@cg.state.sc.us

RICHARD ECKSTROM
COMPTROLLER GENERAL

NATHAN KAMINSKI, JR.
CHIEF OF STAFF

September 15, 2005

LETTER OF TRANSMITTAL

Office of State Budget
Attention: Karen Rhinehart
1201 Main Street, Suite 950
Columbia, South Carolina 29201

Dear Ms. Rhinehart:

I am pleased to submit the Comptroller General's Office Annual Accountability Report for Fiscal Year 2004-2005.

The Comptroller General is the state's chief fiscal and accounting officer. The Office provides fiscal controls over receipt and disbursement of public funds; reports annually on the financial operations and condition of state government; assures that money due state and local governments is collected through lawful tax administration; and provides fiscal guidance to state agencies and local governments.

The Comptroller General, Chief of Staff, and division directors comprise the agency's senior management team. Senior managers routinely review requirements by customers and stakeholders including the General Assembly, bond rating service, Government Finance Officer's Association of the United States and Canada, and the Internal Revenue Service to determine their performance expectations.

The Comptroller General's Office is dedicated to providing fiscal accountability and informational assistance to the Governor, members of the General Assembly, other state and local government officials and the general public. If additional information regarding this report is needed, please contact Donald Thomas at 734-2609.

Respectfully Submitted,

Nathan Kaminski, Jr.
Chief of Staff

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SECTION I - EXECUTIVE SUMMARY

1. Mission and Values

The Comptroller General's Office mission is to:

- Serve the citizens of South Carolina by providing centralized accounting and reporting of financial data in accordance with the statewide program budget structure mandated by the General Assembly and in accordance with Generally Accepted Accounting Principles (GAAP).

- Supervise the collection of all property taxes; assist county auditors, treasurers, and tax collectors; and reimburse counties for homestead exemption, merchants' inventory, property tax relief and manufacturing reimbursement programs.

The agency's core values are teamwork, integrity, innovation, and excellence.

2. Major Achievements for the Fiscal Year

- Received high customer satisfaction ratings from our external customer survey in spite of a steadily decreasing level of FTE's. Compared the results to the American Customer Satisfaction Index, a nationally recognized index that provides industry specific measures of customer satisfaction. See page 24.

- Decreased average turnaround time for audited agency payment requests (contingent vouchers and interdepartmental transfers) from 4.53 days in Fiscal Year 2003-2004 to 3.63 business day in Fiscal Year 2004-2005. See page 28.

- Met all payroll requirements. The statewide payroll was paid on the dates mandated by state law 100% of the time. Also, payroll withholdings were deposited within required time frames, and accurate financial information was submitted on time to the Internal Revenue Service and other agencies 100% of the time. By meeting these requirements the agency avoided a minimum of $8.7 million in federal tax deposit penalties.

- Issued a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004 that earned a "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association of the United States and Canada (GFOA).

- Received no exceptions in audits of insurance, procurement and personnel.

- Received Independent Accountant's Report on Applying Agreed-Upon Procedures for the fiscal year ended June 30, 2004. No exceptions were noted.

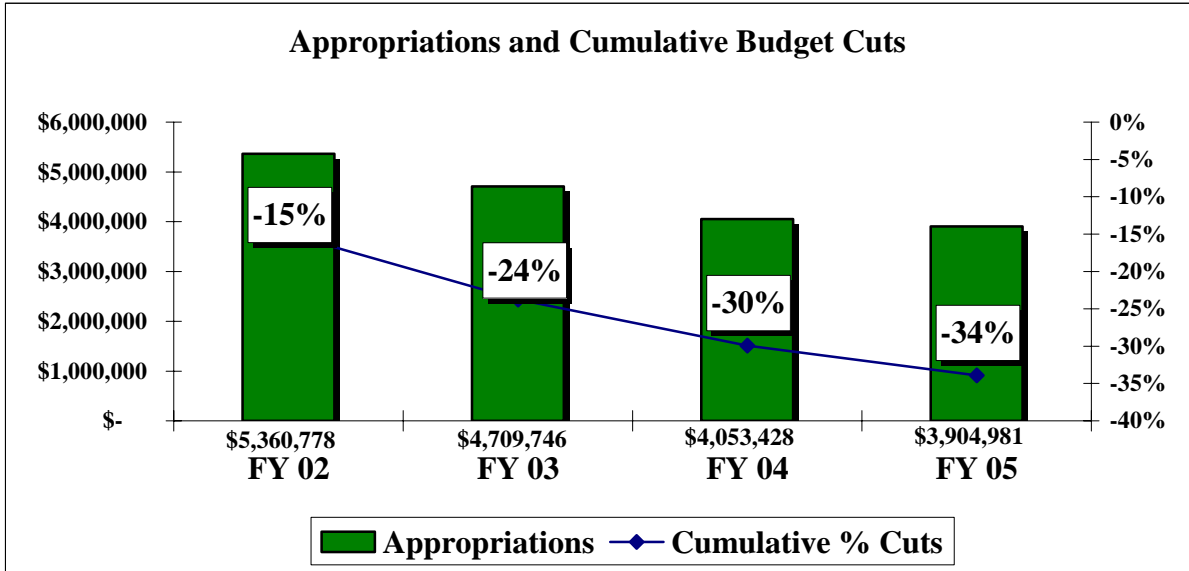- Received no exceptions on annual EDP audit.

- Continued working toward implementing a statewide enterprise information (EIS) system that will provide a comprehensive statewide platform for managing the state's finances. The EIS project team successfully completed a Financial and Procurement Business Blueprint that will provide the foundation for the implementation of the EIS in the agencies. See page 23.

- Negotiated enhanced rebate structure with Purchasing Card vendor that resulted in a 65% increase in the rebate remitted to the General Fund. See page 29.

- Collaborated with S.C. Association of Auditors, Treasurers & Tax Collectors to draft an Auditor's Manual to assist local government officials.

- Chaired and staffed the South Carolina Military Base Task Force appointed by the Governor for the purpose of engaging in the Base Realignment and Closing (BRAC) process on behalf of local communities and the State. As a result of these efforts, the federal BRAC Commission did not recommend the closing of any of the major South Carolina military installations. Instead, the Commission has recommended adding additional personnel and missions to several military bases in the State.

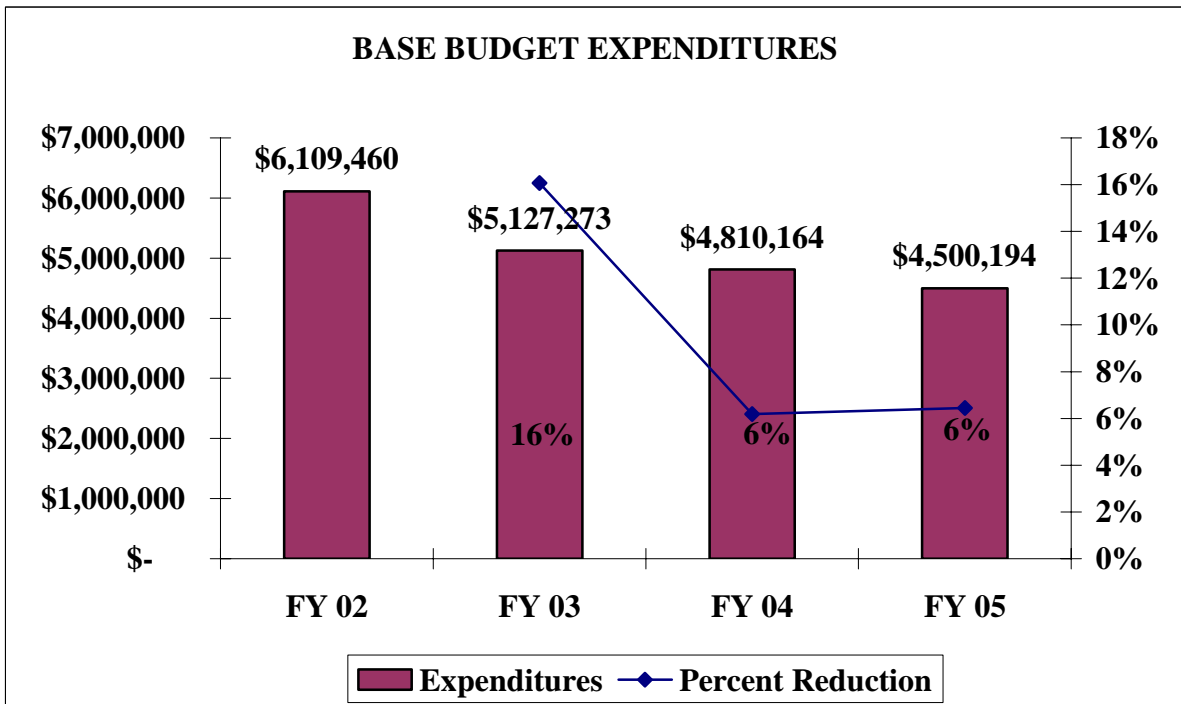## 3. Key Strategic Goals for FY 2004-2005 and Future

- Issue a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005 that complies with the standards of GAAP and of the GFOA Certificate of Achievement program.

- Continue developing and implementing the South Carolina Enterprise Information System (SCEIS). This system will provide a comprehensive platform for managing the state's finances. See page 23.

- Maintain document management system at the current level until sufficient funds are available to include electronic document management and imaging through the SCEIS. See page 23.

- Perform 100% of the agency's mandated requirements accurately and within the specified time frames.

4. Opportunities and Barriers

- Because of the economic downturn that affected our economy and dramatically reduced tax revenues, it has been necessary to implement seven budget cuts during the last four fiscal years that have impacted all state agencies. For the Comptroller General's Office, agency appropriations have decreased 34% during this time frame. In order to continue to meet service delivery requirements, senior management has identified and implemented various cost savings measures, including significant staff size reductions through attrition. In this respect, this particular "barrier" is also an "opportunity" to find creative ways to save tax dollars.

Appropriations and Cumulative Budget Cuts

	FY 02	FY 03	FY 04	FY 05
Cumulative % Cuts	-15%	-24%	-30%	-34%
Appropriations	$5,360,778	$4,709,746	$4,053,428	$3,904,981

Legend: Appropriations (green bars), Cumulative % Cuts (line)

Cost savings is one of the agency's key performance measurers. Senior management continuously strives to identify opportunities to reduce operating costs and make efficient use of taxpayer dollars. By taking various cost-cutting measures, the agency has reduced operating expenditures by 28 percent from Fiscal Year 2001-02 to Fiscal Year 2004-05. See graph below.

BASE BUDGET EXPENDITURES

	FY 02	FY 03	FY 04	FY 05
Expenditures	$6,109,460	$5,127,273	$4,810,164	$4,500,194
Percent Reduction		16%	6%	6%

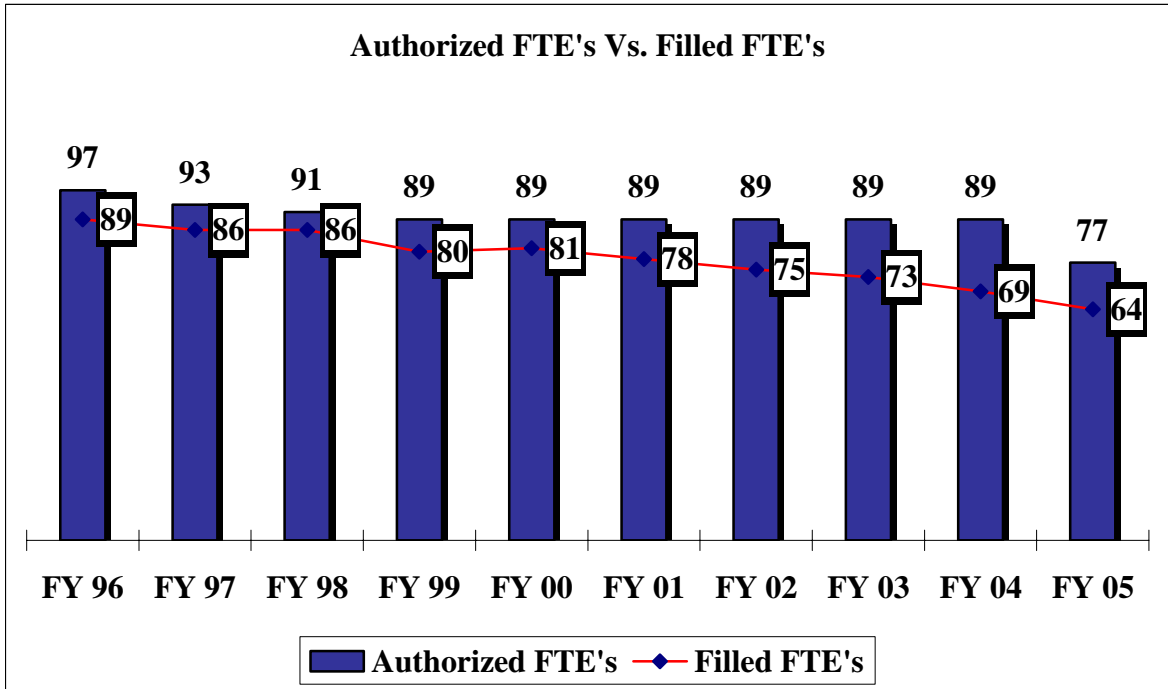Legend: Expenditures (bars), Percent Reduction (line)

The agency also, as much as possible, uses e-mail instead of making long distance telephone calls; did not renew the leasing agreement for the agency's postage meter and instead shares these costs with the Budget and Control Board. The agency also e-mails and faxes as many documents as possible rather than mailing them.

- Senior management also identified as an area of cost savings the expenses incurred annually for registration, travel, meals, and lodging for staff training, professional development, and training provided by our staff for local government officials. Since staff training is needed to maintain and improve job skills and development, the agency continued active collaboration with other agencies with similar training needs and requirements, including the Department of Health and Human Services, the State Auditor's Office, and the Department of Revenue. Through this collaboration, the agencies have developed and presented in-house training at very reduced costs and shared the fixed costs of employees attending audio conferences hosted at local sites with other agencies. See page 43.

  By using these collaborative approaches and cost-cutting measures, our agency was able to eliminate from its budget much of its staff training costs, including travel. Senior management is aware that the cumulative knowledge gained through experience and education is critical to the successful operation of this agency and will continue to seek ways to provide relevant, low-cost training for its entire staff.

- The South Carolina Enterprise Information System (SCEIS) provides a tremendous opportunity for the state to have an "enterprise solution" for managing the state's financial activities. The SCEIS will enhance efficiencies in the day-to-day administration of state government.

- The Document Management System was implemented in February 2002 as a pilot of a statewide electronic document management system. Because of funding limitations, we began with three agencies: the House of Representatives, the Senate, and the Department of Mental Health. The pilot phase of this project has been a tremendous success. This project, which takes advantage of digital imaging technology, has demonstrated the cost savings and efficiencies that can be realized with implementation of a statewide document management system.

- The Comptroller General's Local Government staff collaborated with the South Carolina Association of Auditors, Treasurers, and Tax Collectors (SCATT) and the Department of Revenue to participate in workshops around the state that are provided annually for county treasurers, auditors and tax collectors. The staff assisted in compiling an extensive Auditor's Manual to be distributed in the near future. Our agency staff, through careful planning and collaboration, provided the same level and quality of training to those local government officials that has been provided in the past at a very reduced cost to the agency.

- Since personal service funds constitute the largest percentage of the budget, senior management has left certain "less critical" positions vacant wherever possible. As a result, the number of filled positions has decreased by twelve percent over the past two fiscal years (from 73 to 64) and 28 percent over the past ten years (from 89 to 64). See graph on next page.

Authorized FTE's Vs. Filled FTE's

|	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Authorized FTE's	97	93	91	89	89	89	89	89	89	77
Filled FTE's	89	86	86	80	81	78	75	73	69	64

Human capital is the agency's most valuable asset, and the knowledge required to accomplish the agency's mission is dispersed among its employees. Knowledge and experience, coupled with planning and better productivity, have enabled the agency to maintain acceptable levels of external customer satisfaction (see page 24) and meet its service delivery requirements.

But the challenges in managing these resources are significant. For instance, the internal employee survey completed this year shows the measurement of employee satisfaction with their overall work environment at 77%, a 3% increase from the 2003 survey. Furthermore, the percentage of respondents to a single question, asked for the first time this year, that asked whether respondents would rate their own level of job satisfaction as "high" was lower. This change in job satisfaction is tied in large part to employee perceptions about the lack of merit raises and bonuses, lower levels of training, and elimination of routine large equipment purchases, such as newer generation computers and office equipment. The timing of this year's survey also may have produced lower survey results, as it was taken in the days following statutory increases in employee retirement contributions and the curtailment of TERI benefits that were perceived as unfair by many state employees. The challenge for management is to maintain morale while bringing employee expectations and perceptions in line with the reality of the current day workplace where severe budget reductions require management to carefully scrutinize staff compensation levels, and carefully evaluate equipment and training needs to avoid spending taxpayer dollars unwisely.

▪ The agency needs a motivated workforce to continue to handle the increasing volume of transactions, including all STARS transactions, such as disbursement and journal vouchers, IDT's, cash transfers, payroll transactions, payroll reporting and control records, and local government transactions. The total volume of all transactions

processed by our staff for the fiscal year was 10,606,505. While the average number of transactions per filled FTE continues to increase, our number of office employees continues to decline. See graph below.

Average Transactions Processed Per Filled FTE Vs. Filled FTE's
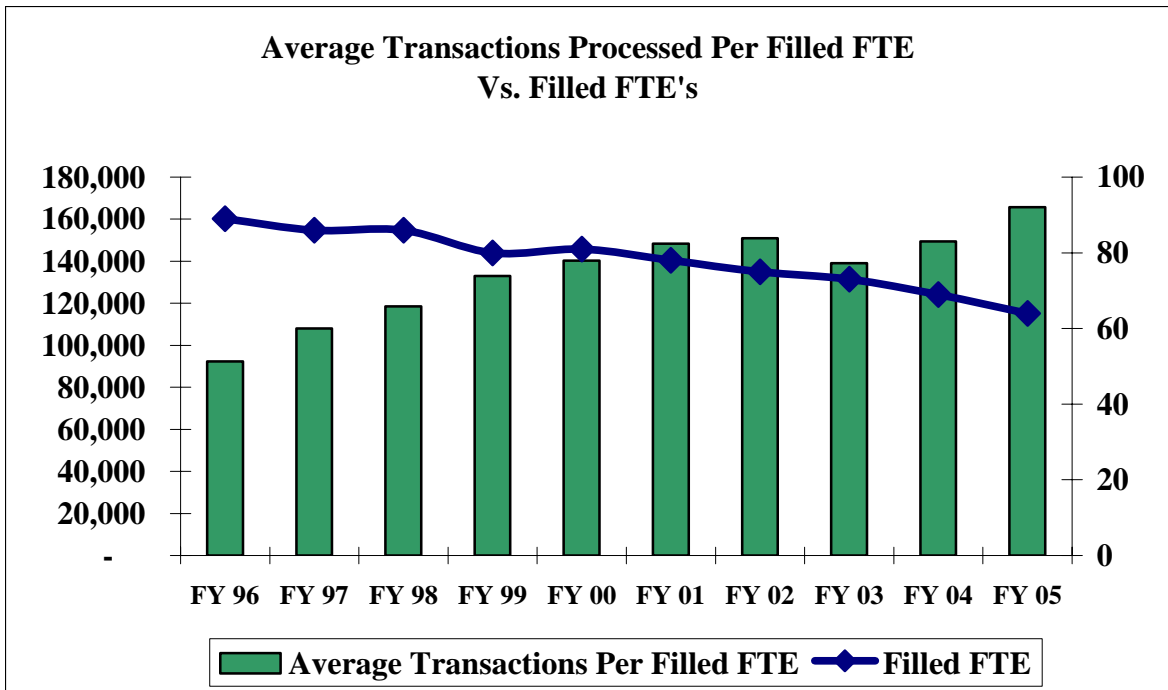
- A major consideration and potential "barrier" is that this agency is beginning to and will continue to lose a significant portion of its experienced employees over the next few years. Currently, 21 of the agency's 64 employees (33%) are now participating in the TERI program. These 21 employees have 625 cumulative years of experience for an average of 29 years per person. Since total salaries for these TERI employees are $1,186,977, the agency possibly will be able to reduce operating costs by freezing positions or replacing these employees with persons at lower salaries. But the loss of this much experience in this short period of time will be extremely challenging to manage.

The agency must be successful in managing this loss of knowledge over the next few years by succession planning and cross-training, identifying and implementing more efficient practices, and using the most current technology, such as the planned state-wide accounting system, the Enterprise Information System, to its greatest advantage. It is critical that our human resources be properly aligned with customer requirements and stakeholder needs.

5. How the Accountability Report is used to Improve Organizational Performance

The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.

SECTION II - BUSINESS OVERVIEW

1. Number of Employees

At the end of fiscal year 2004-2005 the Comptroller General's Office had a total of 77 authorized FTE's. Sixty-four of the 77 authorized FTE's were filled and 13 were vacant.

2. Operation Location

The Comptroller General's Office is located in the Wade Hampton Building in Columbia, South Carolina. There are no satellite offices.

3. Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	03-04 Actual Expenditures		04-05 Actual Expenditures		05-06 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$3,565,664	$3,565,664	$3,464,755	$3,099,665	$3,274,972	$2,955,287
Other Operating	$326,944	$111,468	$160,422	$3,063	$258,959	$6,329
Special Items	-	-	-	-	$201,740	$201,740
Permanent Improvements	-	-	-	-	-	-
Case Services	-	-	-	-	-	-
Distributions to Subdivisions	-	-	-	-	-	-
Fringe Benefits	$917,556	$917,556	$875,017	$781,265	$1,065,506	$985,915
Non-recurring	-	-	-	-	-	-
Total	**$4,810,164**	**$4,594,688**	**$4,500,194**	**$3,883,993**	**$4,801,177**	**$4,149,271**

Other Expenditures

Sources of Funds	03-04 Actual Expenditures	04-05 Actual Expenditures
Supplemental Bills	$0.00	$0.00
Capital Reserve Funds	$0.00	$0.00
Bonds	$0.00	$0.00

4. Major Program Areas Chart				
Program Number And Title	**Major Program Area Purpose (Brief)**	**FY 03-04 Budget Expenditures**	**FY 04-05 Budget Expenditures**	**Key Cross References for Financial Results***
II	**Central State Audit** Provide centralized payroll for state employees. Review requests for reimbursement from state agencies to ensure compliance with state law.	State: $ 1,090,915 Federal: - Other: 18,899 Total: $ 1,109,814 23% of Total Budget	State: $1,043,435 Federal: - Other: 80,695 Total: $1,124,130 25% of Total Budget	Page 28
IV.	**Data Processing** Provide information technology application development, maintenance, production control, local area network and PC support. Applications include all statewide accounting and payroll functions.	State: $ 725,662 Federal: - Other: 44,835 Total: $ 770,497 16% of Total Budget	State: $ 709,611 Federal: - Other: 62,888 Total: $ 772,499 17% of Total Budget	Page 32-34
III	**Financial Reporting** Provide centralized reporting of the state's financial activities. Produce the state's Comprehensive Annual Financial Report.	State: $ 598,883 Federal: - Other: 9,051 Total: $ 607,934 13% of Total Budget	State: $ 403,597 Federal: - Other: 126,492 Total: $ 530,089 12% of Total Budget	Page 36
V.	**Central State Accounting** Provide centralized accounting of the state's financial activities. Monitor agencies financial activities to ensure compliance with the Annual Appropriation Act. Respond to FOIA requests.	State: $ 366,817 Federal: - Other: 7,207 Total: $ 374,024 8% of Total Budget	State: $ 308,112 Federal: - Other: 72,354 Total: $ 380,466 8% of Total Budget	Page 38-39
I	**Admin. & Local Govt.** Provide executive leadership and administrative services to support the agency's functions. Supervise property tax collection process and reimbursement programs as mandated by the General Assembly.	State: $ 894,855 Federal: - Other: 135,484 Total: $ 1,030,339 21% of Total Budget	State: $ 637,974 Federal: - Other: 180,020 Total: $ 817,994 18% of Total Budget	Page 41-43
	Remainder of Expenditures: **Employer Contributions**	State: $ 917,556 Federal: - Other: - Total: $ 917,556 19% of Total Budget	State: $ 781,264 Federal: - Other: 93,752 Total: $ 875,016 19% of Total Budget	

*Key Cross-References are a link to the Section III, Category 7- Key Business Results.

5. Key Customers (listed in alphabetical order)

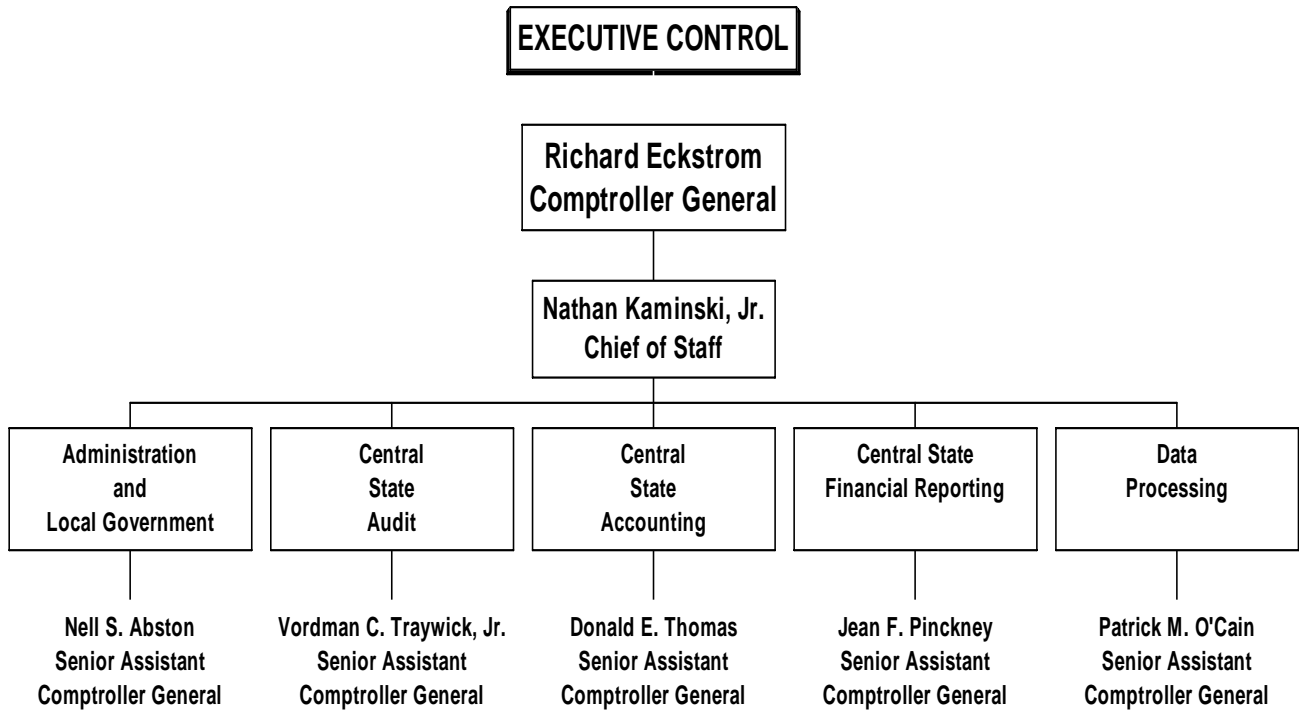| CUSTOMER	SERVICES PROVIDED
BOND RATING AGENCIES	Issue a Comprehensive Annual Financial Report.
CITIZENS	Provide accountability.
EMPLOYEES	Provide training, career development, well-being, and motivation.
GENERAL ASSEMBLY	Maintain a centralized accounting and financial reporting system.
GOVERNOR	Provide accountability, financial data, and technical assistance.
LOCAL GOVERNMENTS	Supervise certain activities. Reimburse counties for tax exemption and relief programs.
MEDIA	Provide accountability and financial data as requested.
STATE AGENCIES	Maintain a centralized accounting, payroll, and financial reporting system. Administer the Savings Bond Program.
UNITED STATES GOVERNMENT	Provide accounting, payroll, and Social Security data.

6. Key stakeholders

Our customers are also our stakeholders.

7. Key Suppliers

- State agencies (including universities)
- Local governments
- Independent auditors

COMPTROLLER GENERAL'S OFFICE
Organizational Structure
and
Managerial Staff

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                    ┌─────────────────────┐
                    │  EXECUTIVE CONTROL  │
                    └─────────────────────┘

                    ┌─────────────────────┐
                    │   Richard Eckstrom   │
                    │  Comptroller General │
                    └─────────────────────┘

                    ┌─────────────────────┐
                    │  Nathan Kaminski, Jr.│
                    │    Chief of Staff    │
                    └─────────────────────┘
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Administration and Local Government	Central State Audit	Central State Accounting	Central State Financial Reporting	Data Processing
Nell S. Abston Senior Assistant Comptroller General	Vordman C. Traywick, Jr. Senior Assistant Comptroller General	Donald E. Thomas Senior Assistant Comptroller General	Jean F. Pinckney Senior Assistant Comptroller General	Patrick M. O'Cain Senior Assistant Comptroller General

SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

CATEGORY 1 - LEADERSHIP

The Comptroller General is a statewide elected position. The Comptroller General, Chief of Staff, and division directors comprise the agency's senior management team. Senior management develops the strategic plan and sets the agency's vision. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating agencies, Government Finance Officer's Association of the United States and Canada, and the Internal Revenue Service to determine the performance expectations. These expectations significantly influence the agency's short and long-term direction. See Strategic Planning Chart on page 15.

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

Senior management communicates direction, performance expectations, and organizational values through the strategic plan, Employee Performance Management System, correspondence, and staff meetings. Expected ethical behavior is communicated to employees through employee evaluations, one-on-one communications, and staff meetings.

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

Senior management recognizes the importance of employee and customer satisfaction. Senior leaders strive to foster an environment where employees are treated with respect and believe that their contributions are appreciated. Additionally, senior management emphasizes performance expectations to employees. Staff meetings, performance reviews, and informal discussions are the primary methods used to communicate the focus on customers and stakeholders.

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

The majority of the agency's service requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Furthermore, many of the mandates require the delivery of a service or product within a specified time frame. Failure to produce the required service or product within the specified time frame would result in negative feedback from the customer or stakeholder. Additionally, the agency's processes are routinely reviewed by external parties (e.g. independent auditors).

1.4. *What key performance measures are regularly reviewed by your senior leaders?*

Senior management regularly reviews the agency's customer satisfaction level, response time, and document turnaround time. Senior management pays particular attention to ensuring that the agency's efforts and resources are focused on complying with all applicable mandates.

1.5. *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?*

Senior leaders discuss the results of reviews performed by external auditors and others to evaluate management effectiveness. Audits with no exceptions provide positive feedback needed to ensure that the agency's processes are effective. The Comptroller General's Office also uses staff meetings, employee surveys, and employee performance reviews to evaluate management effectiveness. In instances where the need for improvement is noted, senior leaders evaluate the comments and take the action necessary for improvement.

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

The agency's primary responsibility is to account for and report on the state's financial activities. Senior management communicates frequently with suppliers and stakeholders to discuss the agency's service requirements. The services required, scope of work, intended results, impact on stakeholders, and associated risks are discussed. Senior management and all applicable parties (e.g. customers, suppliers, stakeholders) work together to accomplish the desired outcome.

1.7. *How does senior leadership set and communicate key organizational priorities for improvement?*

Senior managers are involved in the day-to-day workflow processes. This enables them to monitor progress and identify problems quickly. The Chief of Staff and division directors meet weekly to review long and short term projects, and to discuss priorities and improvements that may be needed to accomplish organizational objectives, including financial, operational, customer, and employee measures and objectives. If it is determined that agency performance measures are not being met, the management team evaluates causes and develops an improvement plan that considers customer needs and expectations, financial constraints, available human resources and operational capabilities. The division directors are responsible for communicating both priorities and improvement plans to the staff through staff meetings, performance evaluations, informal discussions and written communications.

1.8. *How does senior leadership and the agency actively support and strengthen the community? Include how you identify and determine areas of emphasis.*

The agency supports the community through participation in the annual United Way Campaign and the Good Health Appeal. Also, many of our employees voluntarily participate in blood drives. The agency participated in Operation Shoebox in support of the statewide "America Supports You" campaign. Each employee determines his/her areas of community activity.

CATEGORY 2 - STRATEGIC PLANNING

2.1. *What is your Strategic Planning process, including participants, and how does it account for: customer needs and expectations, financial, societal and other risks, human resource capabilities and needs, operational capabilities and needs, and supplier/contractor/partner capabilities and needs?*

The Comptroller General and senior management are responsible for formulating the agency's strategic direction. The strategic plan is aligned with the agency's mission, vision, and values. Each year, senior management reviews accounting and financial reporting requirements mandated by such stakeholders as the General Assembly, the Governor, the Government Finance Officers Association of the United States and Canada, the Governmental Accounting Standards Board (GASB), and the Federal Government. Senior management formulates strategies based on input from staff members, state agencies, and other customers. Senior management determines what needs to be done, the expected completion time, and the estimated people hours required.

Senior managers then prioritize tasks and establish work schedules. Senior management deploys the strategic plan to staff members. The tasks, priority, timelines, and completion dates are communicated to employees through staff meetings, performance evaluations, and written communication. Senior managers are responsible for ensuring that agency resources are used efficiently and that the functions performed are aligned with the strategic direction. Performance measures emphasized include customer satisfaction, cycle time, cost savings/cost avoidance.

2.2. *What are your key strategic objectives?*

We continue to develop performance measures and seek benchmarks that will enable us to assess our progress in achieving goals and demonstrate to our stakeholders what is being accomplished with dollars invested in this agency. See the Strategic Planning Chart on page 15.

2.3. How do you develop and track action plans that address your key strategic objectives?

See answer to question 2.1 above.

2.4. What are your key action plan/initiatives?

See the Strategic Planning Chart on page 15.

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

See answer to question 2.1 above.

2.6. If the agency's strategic plan is available on the Internet provide an address.

The agency's strategic plan is not available on the Internet.

Strategic Planning Chart

Program Number And Title	Supported Agency Strategic Planning Goal/Objective	Related FY 04-05 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
II Central State Audit	Verify the validity, authenticity, and legality of requests for payments submitted by agencies.	Process disbursement requests submitted by agencies within four business days.	Page 28
IV Data Processing	Provide efficient, cost effective information technology and personal computer support for the agency; and provide computer interface with other state agencies.	Perform all activities at a cost that compares favorably with the estimated cost of contracting with private industry or other state agencies.	Pages 32-34
III Financial Reporting	Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2004-2005. Receive the Certificate of Achievement for Excellence in Financial Reporting.	Produce a CAFR that is in accordance with generally accepted accounting principles and includes all accounting standards required by the Governmental Accounting Standards Board.	Page 36
V Central State Accounting	Provide centralized accounting of the state's financial activities in accordance with the program structure mandated by the South Carolina General Assembly.	Establish 100% of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act. Respond to FOIA requests within an average of five business days.	Page 38-39
I through V Administration Central State Audit Central State Accounting Financial Reporting Data Processing	Deliver services accurately and timely. Meet 100% of mandated requirements.	Maintain the highest possible customer satisfaction level.	Page 24-26

***Key Cross-References are a link to the Section III, Category 7- Key Business Results.

CATEGORY 3 - CUSTOMER FOCUS

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

The agency's customers and stakeholders are identified through the annual planning process. The majority of our service requirements are mandated by state legislation, federal regulations, bond rating agencies, and authoritative accounting organizations. Senior management regularly reviews accounting and financial reporting requirements issued by these entities to determine their expectations, to identify services required to be performed by this agency, and to determine our customers. Additionally, through participation in professional organizations, senior leaders exchange information with and receive feedback from our suppliers, customers, and stakeholders. Our key customers and their requirements are listed on page 9.

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

As a statewide elected official, the Comptroller General is frequently called on to address citizen groups. He also meets with members of the General Assembly, the media, and bond rating agencies. The Comptroller General uses these opportunities to communicate with our customers and stakeholders to make certain that the agency's service delivery is aligned with their needs.

Also, members of senior management annually participate in forums held by professional accounting organizations. In addition, approximately twice a year the agency conducts regional workshops for county auditors, treasurers and tax collectors. These forums and workshops afford us the opportunity to communicate with these customers and receive feedback. Furthermore, many of our employees have daily contact with our customers. Employees are encouraged to use this contact as a means of determining customer satisfaction. Feedback received from this communication is passed on to senior management. We evaluate the feedback received to assess the agency's effectiveness in service delivery and meeting customer expectations. When needed, we use advisory groups, ad hoc task forces, and/or professional advisors to ensure that service requirements and customer expectations are met.
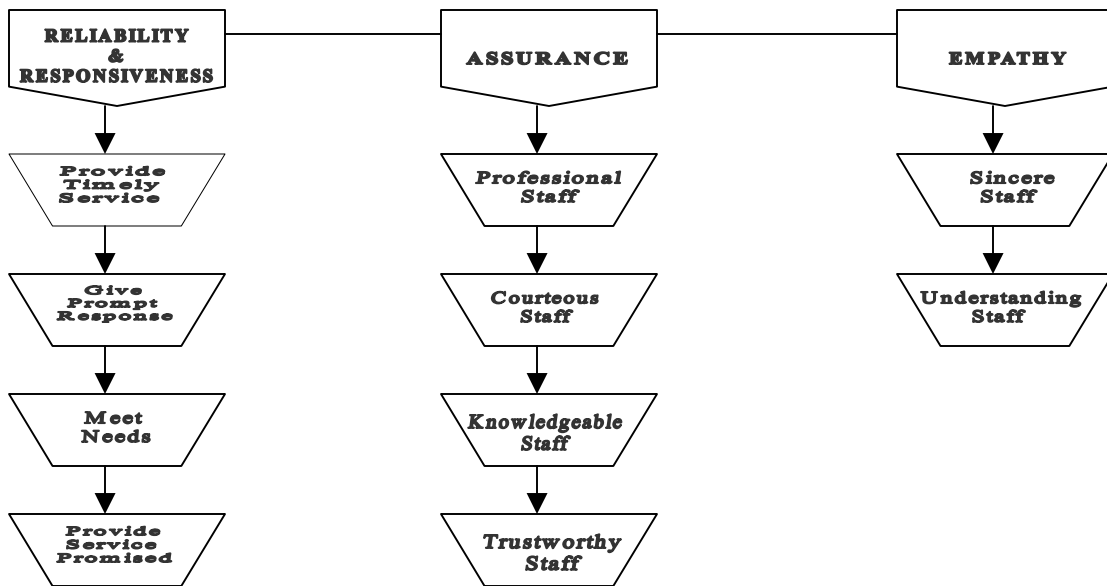
3.3. *How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?*

Information received from customers/stakeholders is discussed by senior management during the weekly directors meeting. Positive comments reinforce areas of strength. Constructive comments serve as areas of emphasis for improvement. Senior managers evaluate the constructive comments received and devise a plan for improvement. The plan for improvement is communicated to staff members through methods such as staff meetings or training.

3.4. *How do you measure customer/stakeholder satisfaction?*

Customer satisfaction is measured using surveys, meetings and feedback with customers, and complaint resolution efforts. Ongoing communication provides feedback on how customers' requirements and expectations can best be filled.

EXTERNAL CUSTOMER SATISFACTION MODEL

RELIABILITY & RESPONSIVENESS	ASSURANCE	EMPATHY
Provide Timely Service	Professional Staff	Sincere Staff
Give Prompt Response	Courteous Staff	Understanding Staff
Meet Needs	Knowledgeable Staff	
Provide Service Promised	Trustworthy Staff	

In prior years, we surveyed primarily state agencies. However, beginning last fiscal year, we expanded our survey to include local governments and higher education institutions. The expanded survey provides better representation of our broad customer base. See the survey results on pages 24 and 25.

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

Senior management builds positive relationships with customers and stakeholders in various ways. One way is through interaction with customers and stakeholders at conferences.

Another way is by working with our customers and stakeholders to achieve a common objective. For example, the Comptroller General's Office and the Chief Information Office are working together to implement the South Carolina Enterprise Information System (SCEIS). Under the direction of these two offices a central support staff was formed to work with the consultant during implementation. Pursuant to a proviso in the Appropriations Act, a SCEIS Oversight Committee was formed. To keep all levels of management involved, agency liaisons and a SCEIS Users Group were established. During the fiscal year, persons from agencies that will be impacted participated in workshops to define the processes, establish best practices, and understand how the SCEIS will be used to replace existing systems. Functional Review sessions were also held to inform persons of the decisions made during the workshops and obtain additional feedback from agency personnel. An SCEIS website (http://www.sceis.sc.gov) is available to keep interested persons apprised of the project status.

This same collaborative approach was used to coordinate with the South Carolina Association of Auditors, Treasurers and Tax Collectors (SCATT) and the Department of Revenue (DOR) to locate this agency's Local Government Unit under the direct supervision of the Property Tax Division at DOR. This has improved efficiency and coordination between the state agencies and has benefited the county officials who rely on agency staff for joint advice and guidance.

4.1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance?

The agency's key measures are driven by mandated service requirements and our desire to be responsive and accountable to the state's citizens. Most of the agency's service delivery requirements are mandated by the General Assembly, Governmental Accounting Standards Board, and Federal Government. Accordingly, our measures are driven by the needs of our customers and stakeholders. Senior management establishes measures that analyze the agency's performance in providing the required services. Some of these measures include: cycle time for reviewing disbursement requests submitted by state agencies and issuing a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles within prescribed time frames. We also use other measures such as customer satisfaction level, cost savings or cost avoidance to evaluate the management team's performance.

4.2. What are your key measures?

The agency's key measures are customer satisfaction, cycle time, cost savings and cost avoidance.

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

The agency's internal processes are well-documented, usually in the form of procedures manuals. The procedures manuals are used for training new employees and are readily available for staff members to use as reference guides. Detailed instructions are also provided to our suppliers in formats such as the STARS Policies and Procedures Manual and the GAAP Closing Package Manual. These manuals are updated at least annually. When necessary, the agency provides written instructions to suppliers informing them of new requirements or changes in existing procedures and any applicable time requirements. Also, our web site contains information such as procedures, key accounting dates, forms, and summary accounting information.

Staff members review all documents submitted to this office for processing prior to input into the Statewide Accounting and Reporting System (STARS). Also, our automated systems contain edits that reject erroneous data from being posted to the system. Documents such as reports prepared by staff members are reviewed prior to distribution. Senior management assures that staff members and suppliers are knowledgeable of all requirements and that procedures are followed to ensure that required data is produced within the specified time period.

4.4. How do you use data/information analysis to provide effective support for decision making?

Senior management receives various types of reports and other information that are generated internally or externally on a daily, weekly, and monthly basis. This information is used to keep managers abreast of matters that impact the agency and its service requirements. Additionally, senior management meets weekly to discuss agency issues. During the meeting each senior manager provides progress reports on key projects, problems encountered, and upcoming matters

of importance. Each senior manager is provided with reports, statistical data or any information needed to assist in the decision-making process. The information is also used to track the agency's performance in meeting established goals and objectives. Applicable information is shared with support staff to assist them in analysis and decision-making related to their assigned functions.

4.5. *How do you select and use comparative data and information?*

The type of comparative data and information used by the agency is based on our mission, stakeholder and customer expectations, the desired outcome, and the availability of data. Emphasis is placed on ensuring that the agency's limited resources are being used to meet goals outlined in the strategic plan. Much of our comparative data is obtained through participating in professional organizations such as the National Association of State Auditors, Comptrollers and Treasurers (NASACT). Through NASACT, for example, we identify "best practices" by querying other states to see how they perform certain functions. We also exchange ideas with other states and in some instances work with other states to establish common procedures.

4.6. *How do you manage organizational knowledge to accomplish the collection and transfer and maintenance of accumulated employee knowledge, and identification and sharing of best practices?*

Certain agency functions are documented in procedures manuals. These manuals serve as training tools for less experienced employees and reference guides for more experienced employees. The manuals also ensure consistency and uniformity in agency processes. Also, in some instances, employees are being cross-trained to learn the duties of experienced staff that will be retiring in a few years. In other instances, the duties of terminated employees are disbursed among current staff members. This sometimes is a "learn-as-you-go" process. Agency employee policies are published on the agency intranet and are available continuously for employee reference.

CATEGORY 5 - HUMAN RESOURCE FOCUS

5.1. *How do you and your managers/supervisors encourage and motivate employees (formally and/or informally) to develop and use their full potential?*

Senior management encourages and motivates employees to use their full potential in various ways. Effective communication is an important tool used by management. The agency uses a weekly staff meetings, surveys, and exit interviews to determine trends within the workforce and the general level of employee satisfaction. When received, the Employee Innovation System Committee reviews suggestions for improvement within the agency and state government. Health screenings are offered at minimal cost to employees. The flexible work schedule implemented this fiscal year enables employees to balance their personal and professional lives. Social events such as quarterly luncheons provide opportunities for agency employees to interact informally.

5.2. *How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?*

The training received by employees is determined by available resources. Emphasis is placed on ensuring that persons performing the functions that are given top priority in our strategic plan receive the necessary training. Because of cost-cutting measures taken over the past two years, the agency's training budget was reduced significantly. During this period, the agency sought ways to provide low-cost, relevant training. To accomplish this objective, the agency began collaborating with other state agencies with similar training needs. Through this collaboration, the agencies developed and presented in-house training and shared the cost of attending audio conferences hosted at local sites. As a result of this collaboration, the training hours provided to staff members by the agency increased by 79% from Fiscal Year 2003-04 to 2004-05. See page 43. Five hundred and ninety two of the 994 hours provided were related to developing and implementing the SCEIS.

5.3. *How does your employee performance management system, including feedback to and from employees, support high performance?*

The Employment Performance Management System (EPMS) serves as a formal vehicle to provide feedback to employees. Employees receive a formal performance review no less than annually. Employees in probationary status receive a review within six-months. During the performance review managers are expected to provide positive feedback, make constructive comments when applicable, and discuss future expectations. Also, managers are encouraged to have informal review sessions with staff members periodically.

5.4. *What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation?*

The agency uses performance evaluations, staff surveys, staff meetings, and exit interviews to measure employee satisfaction and determine trends in employee satisfaction. The agency also

objectively measures employee satisfaction by monitoring staff turnover, grievances, and absenteeism.

5.5. *How do you maintain a safe, secure, and healthy work environment?*

Senior managers are responsible for making certain that all safety requirements are met. Information on workplace safety is routinely distributed to employees and posted on the agency bulletin boards. Also, each division provides a first-aid kit that is easily accessible to employees. In case of fire or other emergencies, we have established a "buddy system" to ensure that employees with physical impairments get out of the building safely. To promote a healthy work environment, senior managers arrange for trained medical personnel to provide annual on-site flu shots and health screening to employees.

5.6. *What activities are employees involved in that make a positive contribution to the community?*

Employees contribute to the Excess Leave Pool to help their colleagues, as well as support charities such as the United Way, American Red Cross, Good Health Appeal, and Families Helping Families. Also, employees routinely participate in blood drives, the Walk for Cancer, and diabetes prevention. Although, the agency has no formal method of tracking employee participation in community activities, employees are involved in many more community activities than listed in this section.

CATEGORY 6 - PROCESS MANAGEMENT

6.1. What are your key processes that produce, create or add value for your customers and your organization, and how do they contribute to success?

The agency's key processes are: maintaining a centralized accounting, payroll, and financial reporting system in accordance with the program structure mandated by the General Assembly; and issuing a Comprehensive Annual Financial Report in accordance with Generally Accepted Accounting Principles (GAAP), including all accounting standards required by the Governmental Accounting Standards Board (GASB).

6.2. How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, customer and supplier relationships and involvement, and product and service customization?

The agency relies on the knowledge and experience of staff persons to meet changing customer requirements and identify ways to enhance processes through new technology. New processes are implemented based on employees recognizing a need to change, input from customers, or changes in stakeholder requirements. Where applicable, the agency will conduct workshops, provide written instructions, or take similar measures to ensure that suppliers are informed of the changes and are able to provide the required product. Also, as needed, the agency will participate in forums, provide written instructions, or take similar actions to inform customers of changes and receive feedback. Senior managers closely monitor changes in key processes to ensure that service requirements are being met.

6.3. How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?

The division directors are responsible for communicating key performance requirements to staff members and must review the quality and timeliness of functions performed on an ongoing basis. Senior management meets weekly to discuss issues, progress being made, and problems encountered. It is the division directors' responsibility to report to the Chief of Staff and Comptroller General if there is a drop in performance so that corrective action can be identified and taken. If this oversight fails to identify a problem in a timely fashion, then the Chief of Staff, in conjunction with the division directors, is responsible for developing an improvement plan as quickly as possible to better monitor these key performance measures and allocate agency resources to address the problem. For example, during Fiscal Year 2003-04 an unfavorable increase in average days for document time (see page 28) was not detected until after the end of the fiscal year. When the increased turnaround time was identified, a plan was implemented to review cycle time in the Audit Division on a quarterly basis, rather than annually, and allocate more resources to that area as necessary. This plan resulted in a document turnaround time during Fiscal Year 2004-05 that met our goal of reviewing disbursements within four business days (see page 28).

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

The agency's key support processes include accounting, employee benefits, procurement, public and legislative relations, and information technology. The agency uses technology as much as possible to maximize efficiency and minimize operating costs. For example, the Data Processing Division meets weekly with staff persons from each division. These meetings provide managers an opportunity to discuss ongoing projects, prioritize and allocate the agency's information technology resources, and plan for future projects. Emphasis is placed on staying current on technological trends and identifying ways to automate work processes. Some examples of our technology related processes are:

- **Document Management System**

  The electronic document management system is in the pilot phase. The electronic document management system positions the Comptroller General's Office to take advantage of the efficiencies available in a "paperless" environment and to provide an electronic portal for other state agencies possessing the same capability. Because of funding limitations, we began with three state agencies: the House of Representatives, the Senate, and the Department of Mental Health. As additional funds become available we will expand the imaging process to include additional agencies.

- **South Carolina Enterprise Information System (SCEIS)**

  The Comptroller General's Office has continued to be actively involved with the SCEIS project. The agency views this as a strategic opportunity to move the state toward a more comprehensive common system for managing the state's finances. As currently planned, this system will include most state agencies except for higher education institutions. Under the direction of the Comptroller General and the State Chief Information Officer, a core central support staff has been assembled and work has begun to design and implement the system. During Fiscal Year 2004-2005, this state team successfully completed the Financials and Procurement Business Blueprint. The focus of this work was the review, reengineering and documentation of the state's business processes and proposed configuration of the statewide system. The implementation phase for central state government, including the Comptroller General's Office, the State Treasurer's Office and the central functions of the Budget and Control Board, is set to begin fiscal year 2005-2006. Following the successful implementation of this central group of agencies, the plan calls for agencies to be implemented in groups or "waves."

6.5. *How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?*

The agency manages and supports its key supplier processes and performance by providing formal training sessions, conducting informal one-on-one training as needed, providing technical assistance, conducting workshops, participating in focus groups, serving on working committees, participating in seminars, and soliciting feedback.

CATEGORY 7 - KEY BUSINESS RESULTS

Goals:

- To maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.

- Ensure that human resources available and service delivery requirements are aligned.

Objectives:

- To maintain the highest possible external customer satisfaction level.

- Ensure that available human resources are aligned with the resources necessary to provide quality service and to meet customer needs.
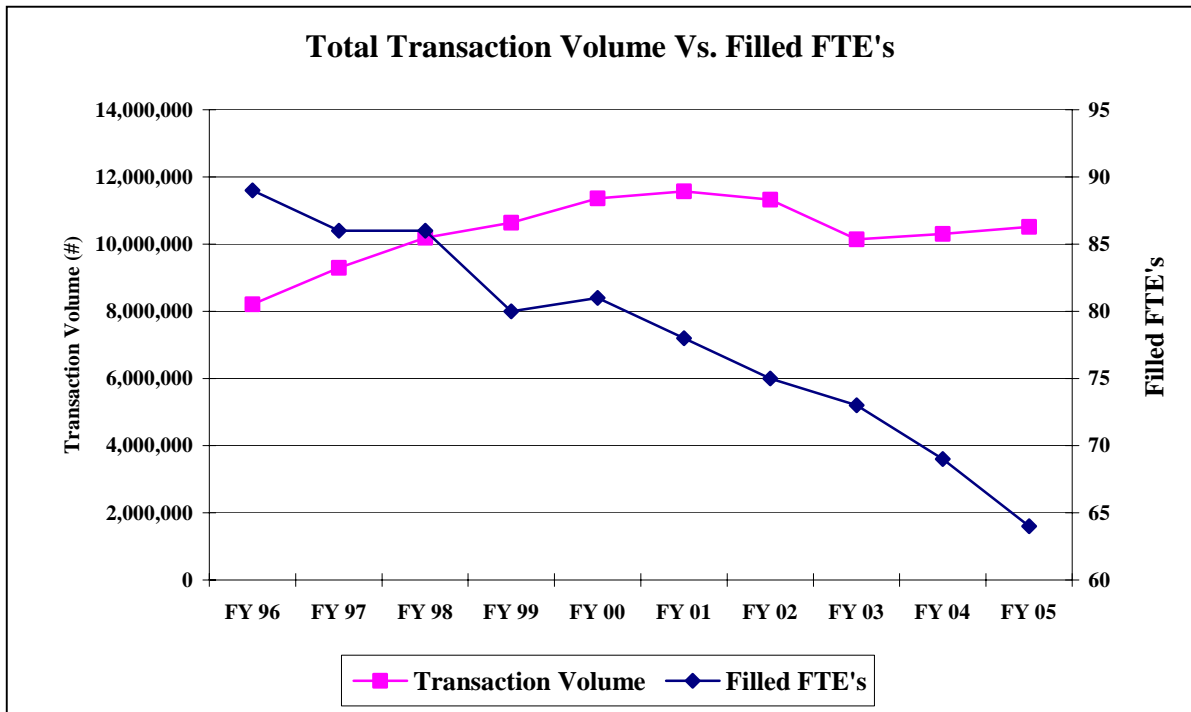
Key Results:

- Obtained a 96% external customer satisfaction level (measurement of the agency's effectiveness in providing quality service and meeting customer expectations).
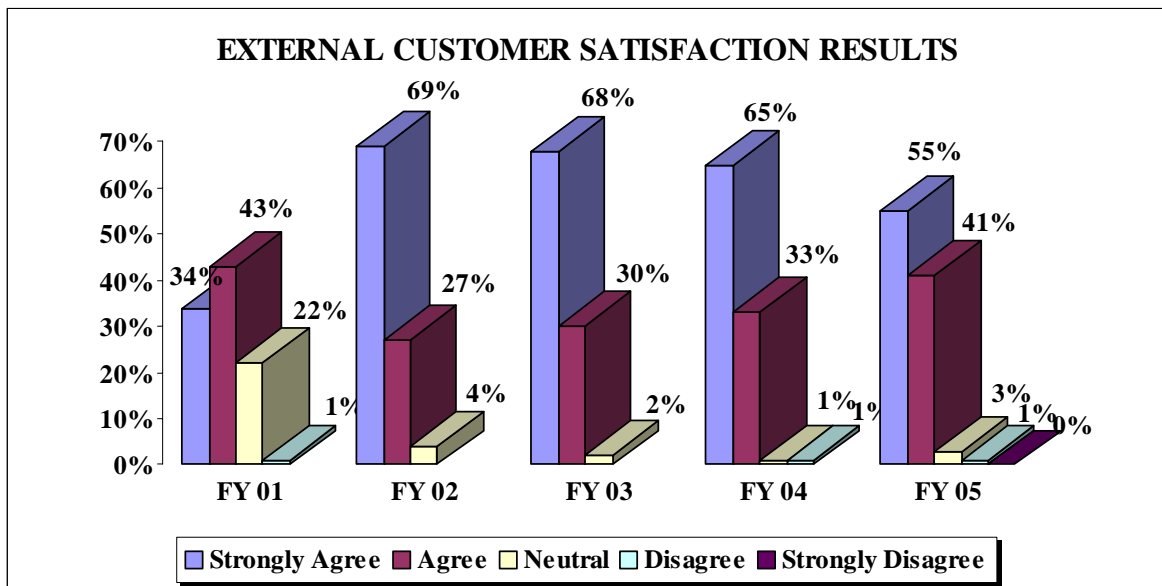
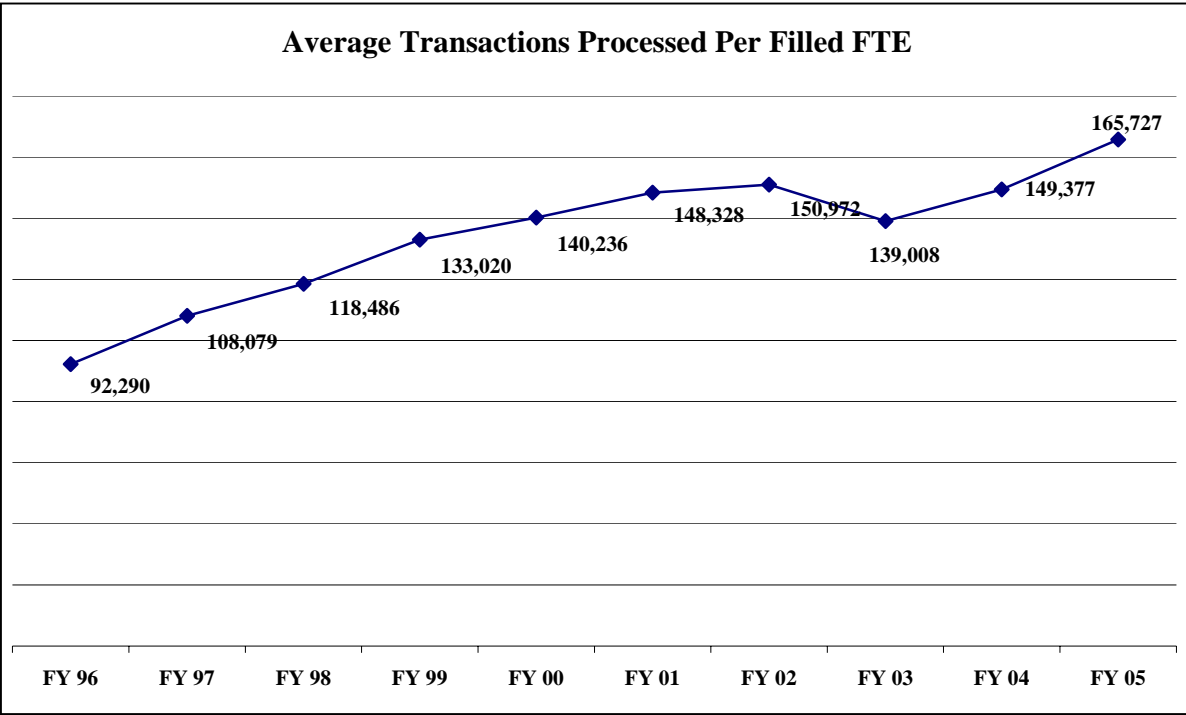**EXTERNAL CUSTOMER SATISFACTION RESULTS**

Benchmark: The American Customer Satisfaction Index is produced annually by the University of Michigan in conjunction with the American Society for Quality. The index is nationally recognized and provides industry-specific measures of customer satisfaction. The 68.3% ASCI score was taken from the February 15, 2005 Special Report on Governmental Services.

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CUSTOMER SATISFACTION RESULTS BY CATEGORY

96%   99%   93%

Local Government   State Agencies   Higher Education
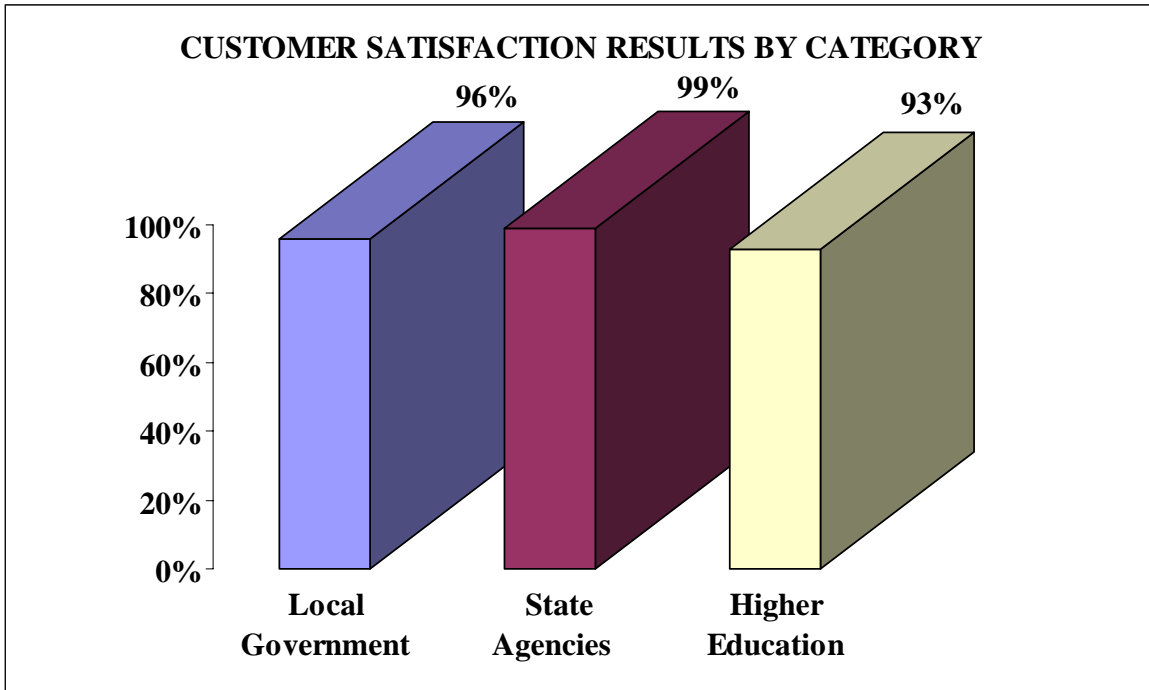
- Met basic service delivery requirements, despite a reduction in filled FTE's

Total Transaction Volume Vs. Filled FTE's

Transaction Volume (#) / Filled FTE's

FY 96 FY 97 FY 98 FY 99 FY 00 FY 01 FY 02 FY 03 FY 04 FY 05

Transaction Volume — Filled FTE's

Average Transactions Processed Per Filled FTE

Fiscal Year	Value
FY 96	92,290
FY 97	108,079
FY 98	118,486
FY 99	133,020
FY 00	140,236
FY 01	148,328
FY 02	150,972
FY 03	139,008
FY 04	149,377
FY 05	165,727

Note: The total volume of all agency transactions for the fiscal year was 10,606,505. While the average number of transactions per filled FTE continues to increase, the number of office employees continues to decline. The increasing volume of transactions includes all STARS transactions, such as disbursement and journal vouchers, IDT's, cash transfers, payroll transactions, payroll reporting and control records, and local government transactions.

Central State Audit Division

Goals:

- Conduct a review of all disbursements of South Carolina State Government to ensure that agencies comply with the annual Appropriation Act.

- Verify the validity, authenticity, and legality of each payment.

Objectives:

- Process the statewide payroll accurately and on time 100% of the time.

- Provide accurate financial information and reports to the various income tax authorities and retirement systems within the time frames required by law.

- Review disbursement requests submitted by agencies accurately within an average of four business days.

- Encourage agencies to increase use of the Visa Procurement card for small purchases, thereby, reducing transaction volume and increasing financial rebates to the state.
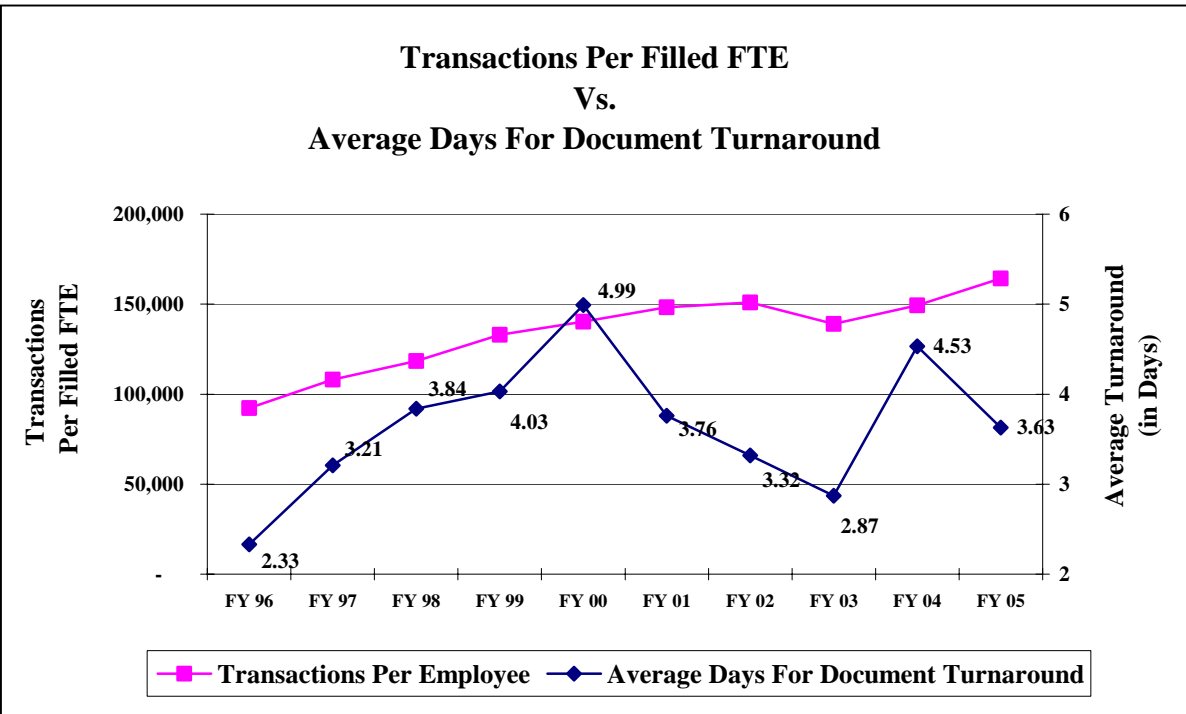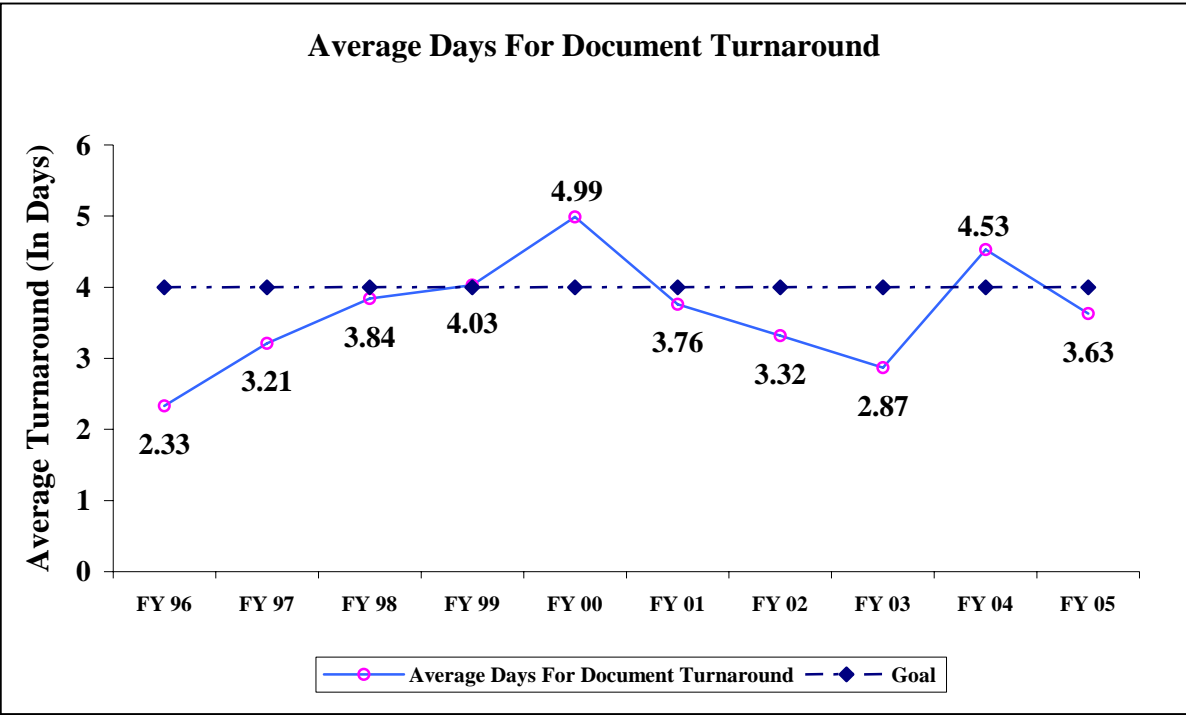
Key Results:

- Processed the statewide payroll accurately and on time 100% of the time.

  Benchmark: Title 8, Chapter 11, Section 35 (A) of the South Carolina Code of Laws states in part: "…all appropriations for compensation of State Employees shall be paid in twice-monthly installments…The payroll period shall continue thereafter on a twice-monthly schedule as established by the Budget and Control Board…"

- Provided accurate financial information and reports as required on time 100% of the time. Failure to comply with applicable regulations would result in significant penalties assessed by the state and federal governments.

  Benchmark: Section 11 of Internal Revenue Service Circular E, Employer's Tax Guide for tax year 2004 requires employee payroll withholdings to be deposited within specified time frames. Penalties between two and fifteen percent are assessed for deposits not made on time. By meeting the Internal Revenue Service's payroll deposit requirements, we avoided a minimum of $8.7 million in federal tax deposit penalties.
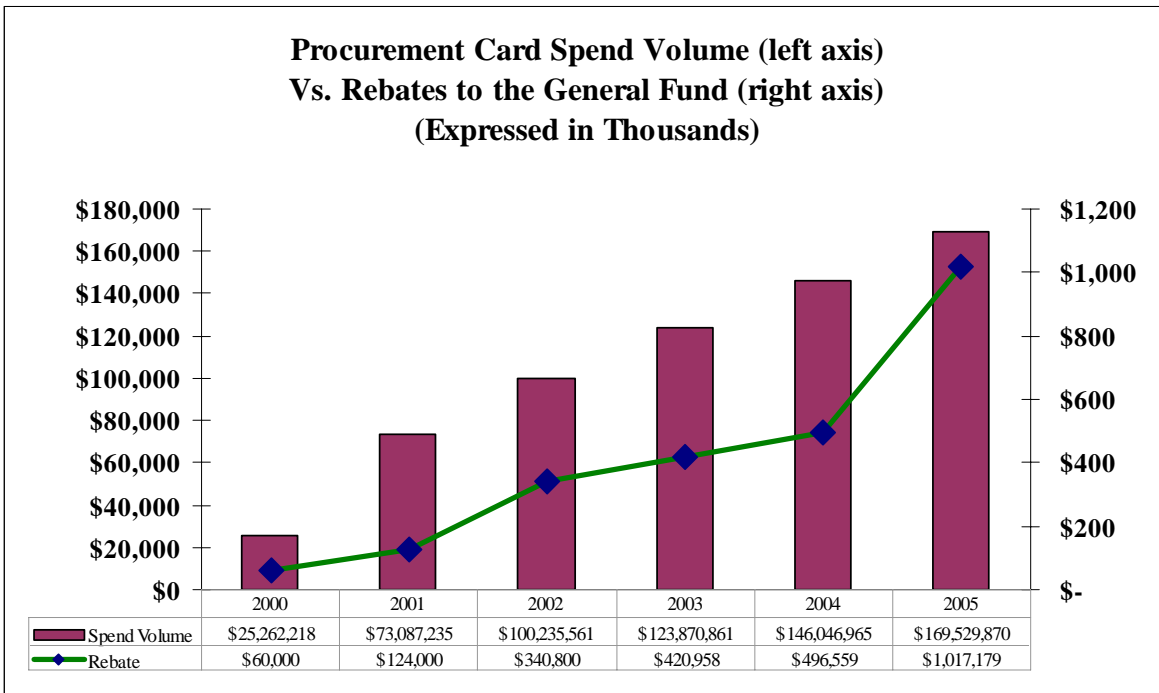
- Audited and accurately paid over 1.5 million Contingent Vouchers and Interdepartmental Transfers within an average of 3.63 business days.

Average Days For Document Turnaround

Average Turnaround (In Days)

FY	Value
FY 96	2.33
FY 97	3.21
FY 98	3.84
FY 99	4.03
FY 00	4.99
FY 01	3.76
FY 02	3.32
FY 03	2.87
FY 04	4.53
FY 05	3.63

Legend: Average Days For Document Turnaround — Goal

Transactions Per Filled FTE
Vs.
Average Days For Document Turnaround

Legend: Transactions Per Employee — Average Days For Document Turnaround
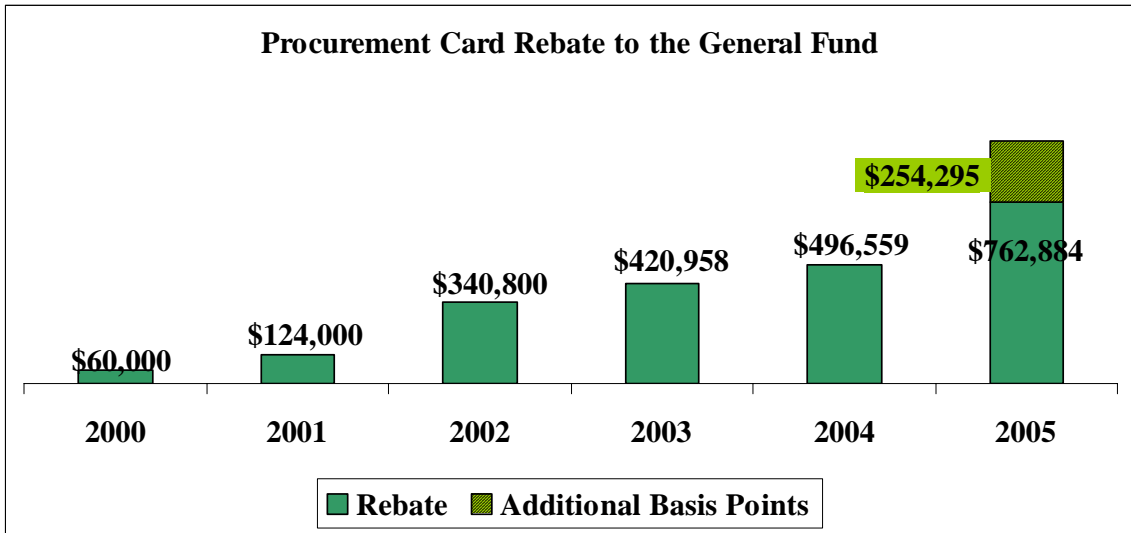
Note: The Central State Audit Division pre-audits payment requests from agencies to certify their validity, authenticity, and legality. For each request determined to be valid, we issue an electronic warrant to the State Treasurer authorizing payment. The agency's goal is to

review disbursement requests within four business days. In coming years it is probable that transaction volume will continue to increase while FTE's will remain stable or decrease. For this reason, and because the increased turnaround time does not appear to have adversely affected our customer satisfaction level, senior management may consider the reasonable trade-off of revising our turnaround goal.

- The Procurement Card annual rebate to the General Fund for 2004 was $1,017,193. Rebates to the General Fund have increased by 65% since last year. The contract for the Procurement Card, which includes state agencies, higher education, and local government entities, provides for a rebate to the state based on transaction volume and the number of cards issued.

Procurement Card Spend Volume (left axis)
Vs. Rebates to the General Fund (right axis)
(Expressed in Thousands)

	2000	2001	2002	2003	2004	2005
Spend Volume	$25,262,218	$73,087,235	$100,235,561	$123,870,861	$146,046,965	$169,529,870
Rebate	$60,000	$124,000	$340,800	$420,958	$496,559	$1,017,179

Note: The rebate amount is based on spend volume for the calendar year. For example, the $1,017,179 received during calendar year 2005 is based on calendar year 2004 spend volume.

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Procurement Card Rebate to the General Fund

Year	Amount
2000	$60,000
2001	$124,000
2002	$340,800
2003	$420,958
2004	$496,559
2005	$762,884

$254,295

Legend: ■ Rebate ▨ Additional Basis Points

Note: The 2005 rebate structure was renegotiated in 2005 to improve the Purchasing Card program. Pending legislative approval, 15 basis points, represented by the cross-marked area, could be shared among program users to promote more agency participation.

Data Processing Division

Goals:

- To cost effectively provide quality information technology application development, maintenance and production control services for the Comptroller General's Office. This includes all statewide accounting and payroll functions, local government functions and internal administrative functions of the agency.

- To cost effectively administer the agency's local area network and personal computer assets. This includes all the maintenance and installation of new servers, workstations and peripherals.
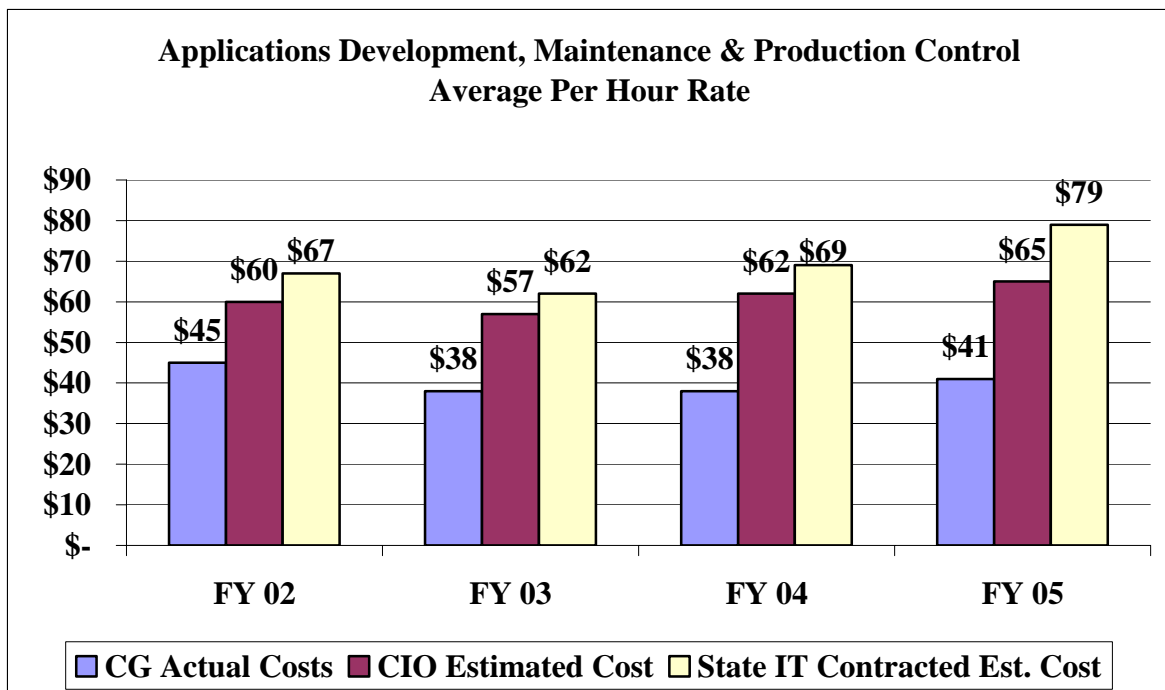
Objectives:

- Ensure that all agency program requirements for information technology services are met to management's satisfaction.

- Develop new applications and/or modify existing applications that are identified as necessary to meet the requirements of the agency's programs. Complete and distribute all production processing for the Comptroller General's Office as scheduled.

- Administer the agency's LAN and PC infrastructure in a cost effective manner with minimal down time. Maintain accurate records of all LAN and PC assets and infrastructure. Review, recommend, and implement enhancements and upgrades to these assets.

- Receive an audit with no exceptions as a result of the EDP audit performed as part of the statewide audit.

- Perform all activities at a cost that compares favorably with the estimated cost of contracting with private industry or other state agencies.
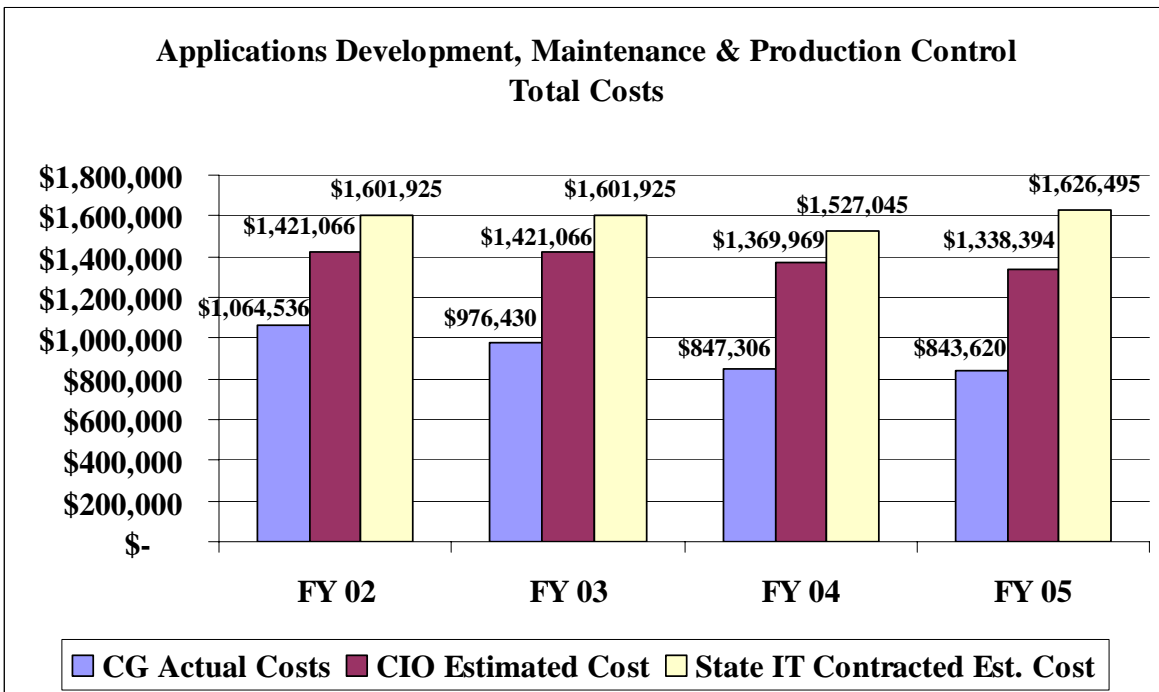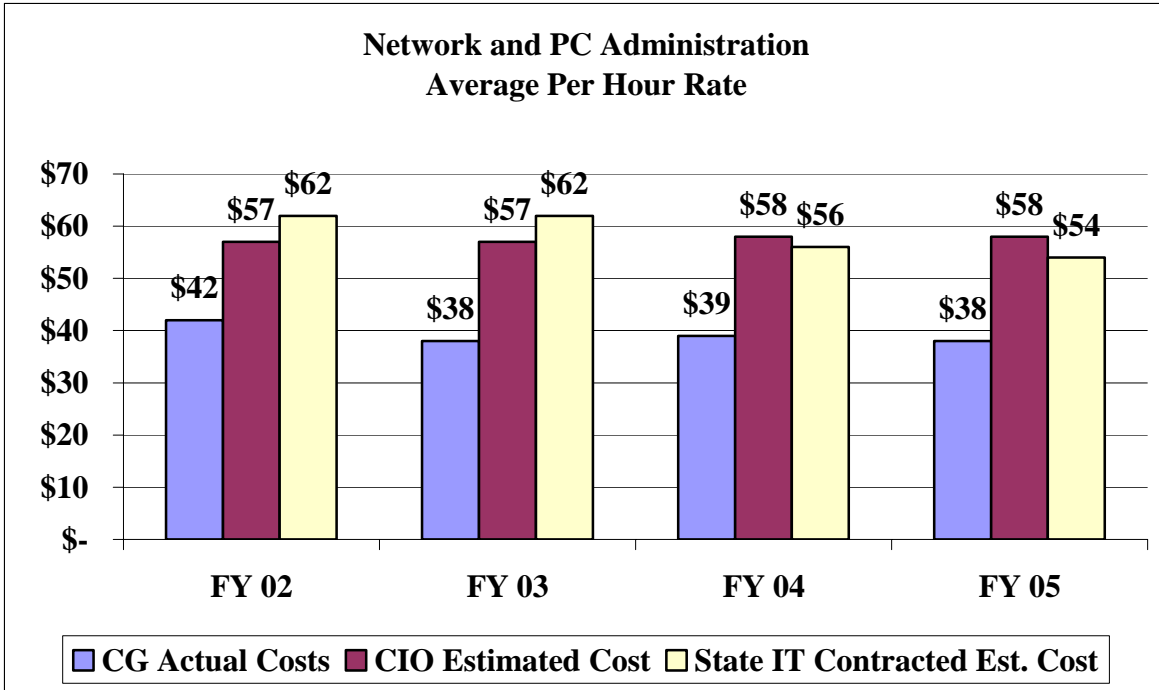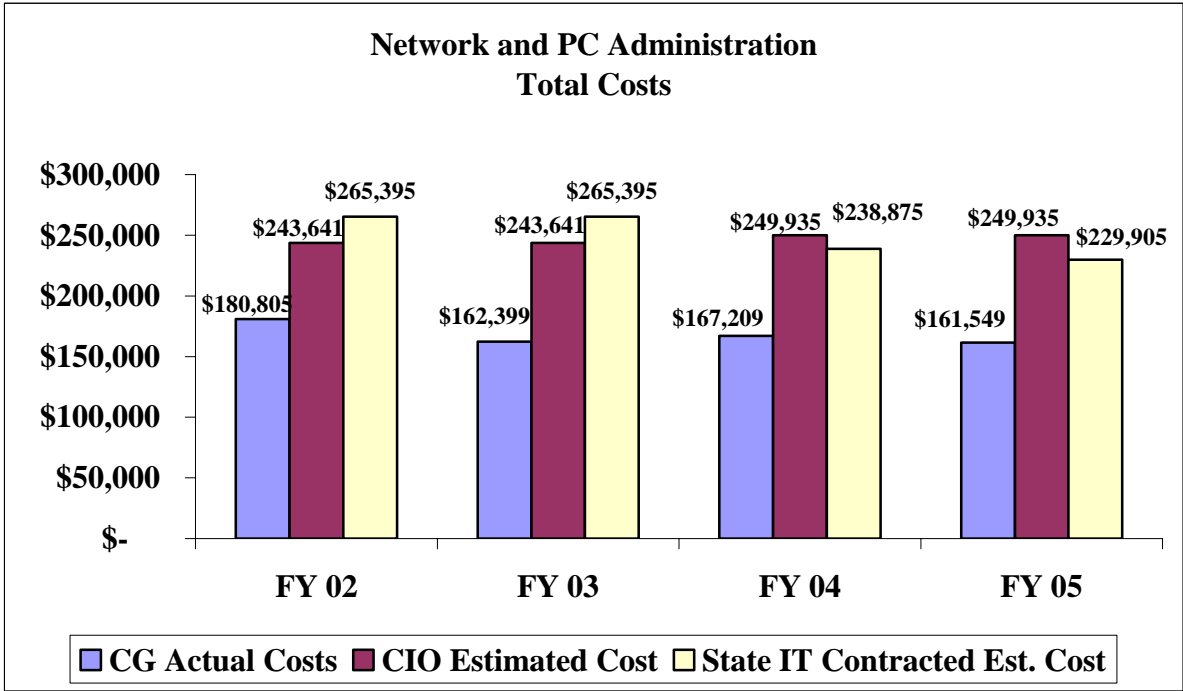
Key Results:

- Met with management of each program area within the agency on a weekly basis to discuss ongoing and potential new information technology needs. These meetings allowed for feedback from each program concerning technology issues. They provided a forum for discussing and prioritizing any new development or maintenance projects.

- All requested development and maintenance was completed and met the needs of the divisions.

- During fiscal year 2004-2005, the division was an integral part of the state Enterprise Information System (EIS) team which successfully completed the Financials and Procurement Business Blueprint. The focus of this work was the review, reengineering and documentation of the state's business processes and proposed configuration of the statewide system. The implementation phase for central state government, including the Comptroller General's Office, the State Treasurer's Office and the central functions of the Budget and

Control Board, is set to begin fiscal year 2005-2006. Following the successful implementation of this central group of agencies, the plan calls for agencies to be implemented in groups or "waves."

- Continued support and enhancement of the pilot document imaging system for STARS. This pilot project lays the foundation to expand and coordinate using imaging technology with the State's financial transactions. Currently working toward integration of this project with the enterprise financial administration project SCEIS.

- The agency's LAN and PC area has continued to expand to service all agency employees. The agency WEB site has also been enhanced to allow for more interactive use by agencies communicating with the Comptroller General's Office.

- An audit with no exceptions was received as a result of the annual EDP audit performed as part of the statewide audit.

- The costs for all activities compared favorably to the estimated cost of contracting for these services from both the Budget and Control Board - Office of Information Resources and through private services available on the state's contract for IT personnel. The agency's costs include all Personnel Services and Operating expenses for the Data Processing Division. The estimate of the OIR costs are based on rates as published by OIR. The State IT Contract costs are based on rates published for the Contract for Temporary IT Personnel Contract.

Applications Development, Maintenance & Production Control Average Per Hour Rate

	FY 02	FY 03	FY 04	FY 05
CG Actual Costs	$45	$38	$38	$41
CIO Estimated Cost	$60	$57	$62	$65
State IT Contracted Est. Cost	$67	$62	$69	$79

Network and PC Administration
Average Per Hour Rate

	FY 02	FY 03	FY 04	FY 05
CG Actual Costs	$42	$38	$39	$38
CIO Estimated Cost	$57	$57	$58	$58
State IT Contracted Est. Cost	$62	$62	$56	$54

Applications Development, Maintenance & Production Control
Total Costs

	FY 02	FY 03	FY 04	FY 05
CG Actual Costs	$1,064,536	$976,430	$847,306	$843,620
CIO Estimated Cost	$1,421,066	$1,421,066	$1,369,969	$1,338,394
State IT Contracted Est. Cost	$1,601,925	$1,601,925	$1,527,045	$1,626,495

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Network and PC Administration
Total Costs

Chart data:

	FY 02	FY 03	FY 04	FY 05
CG Actual Costs	$180,805	$162,399	$167,209	$161,549
CIO Estimated Cost	$243,641	$243,641	$249,935	$249,935
State IT Contracted Est. Cost	$265,395	$265,395	$238,875	$229,905

Legend: ☐ CG Actual Costs ■ CIO Estimated Cost ☐ State IT Contracted Est. Cost

Central State Financial Reporting Division

Goals:

- Provide centralized reporting of the state's financial accounting activities in accordance with the program structure mandated by the South Carolina General Assembly and Generally Accepted Accounting Principles (GAAP).

- Provide timely, accurate statewide financial data needed by state government and by external parties such as national bond rating agencies, potential bond purchasers, other State creditors, citizen groups, and agencies of the Federal Government.

Objectives:

- Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) in accordance with GAAP, implementing all new accounting standards required by the Governmental Accounting Standards Board.

- Receive the Certificate of Achievement for Excellence in Financial Reporting.

Key Results:

- Independent auditors awarded an unqualified audit opinion to the State of South Carolina's CAFR for the seventeenth consecutive year.
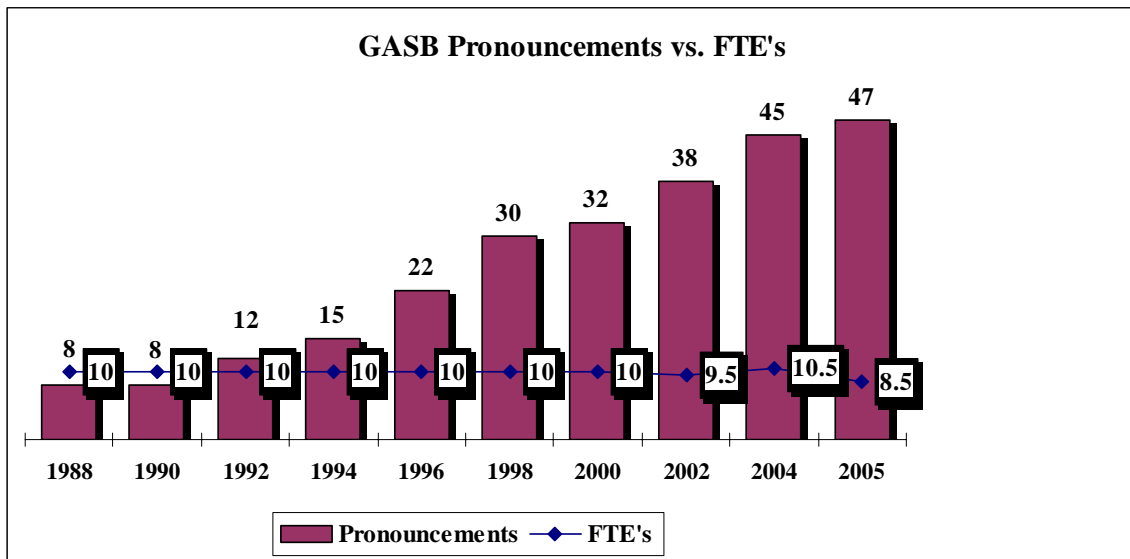
  Benchmark: Under the American Institute of Certified Public Accountants' *Code of Professional Ethics*, auditors may award an unqualified audit opinion to a government unit's financial statements only if those statements, upon examination, are determined to be fairly presented in accordance with GAAP. GAAP for governments are nationwide standards that apply to all state and local governments in the United States. The Governmental Accounting Standards Board and certain other national accounting standard-setting organizations define what constitutes GAAP.

- The Government Finance Officers Association (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina's June 30, 2004 CAFR for the seventeenth consecutive year. Reviewer grades were "proficient" in all seventeen grading categories.

  Benchmark: The GFOA is the premier association of public-sector finance professionals. GFOA's Certificate of Achievement for Excellence in Financial Reporting is awarded to a government unit for a one-year period if its CAFR meets the demanding standards of the GFOA's Certificate of Achievement program.

- Prepared the CAFR in accordance with standards and interpretations issued by the Governmental Accounting Standards Board (GASB). The total number of GASB pronouncements has grown from 8 in fiscal year 1988 to 47 in fiscal year 2005. GASB is expected to issue additional pronouncements in the near future. While the number of GASB

pronouncements to research and implement is steadily rising, the number of staff assigned to this process (most of whom must be CPA's) has declined.

GASB Pronouncements vs. FTE's

Year	Pronouncements	FTE's
1988	8	10
1990	8	10
1992	12	10
1994	15	10
1996	22	10
1998	30	10
2000	32	10
2002	38	9.5
2004	45	10.5
2005	47	8.5

Note: To meet the demands of issuing a statewide CAFR, personnel in the agency's Financial Reporting Division are required to work a substantial amount of overtime every year. The continuous increase in reporting requirements, together with more stringent accounting practices, increasingly challenge the agency's ability to successfully issue a CAFR, as well as receive the prestigious Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, a key performance measure for our agency. Again, experience, training, planning, productivity, and optimum technology are essential ingredients so that in years to come the State can continue to issue a timely CAFR.

Central State Accounting Division

Goal:

Provide centralized accounting of the state's financial activities in accordance with the program structure mandated by the General Assembly.

Objectives:

- Create a Chart of Accounts, prior to the beginning of the fiscal year, that includes all appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.
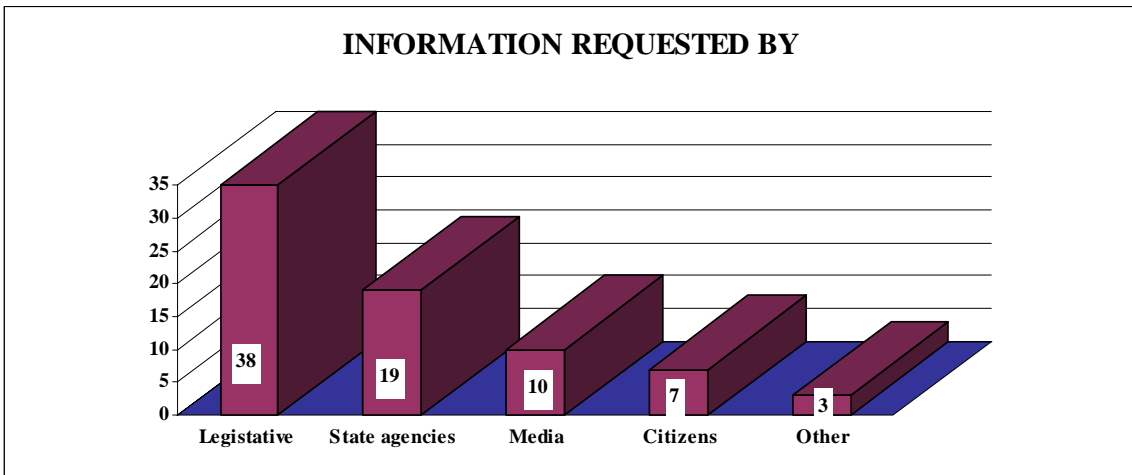
- Respond to public records requests for information from this office within an average of five working days.

Key Results:

- Established a Chart of Accounts, prior to July 1, 2005, that included 100 percent of appropriated and supplemental appropriation accounts; estimated sources of revenue for general, earmarked, restricted and federal funds; and for agencies implementing a Capital Improvement Bond Program.
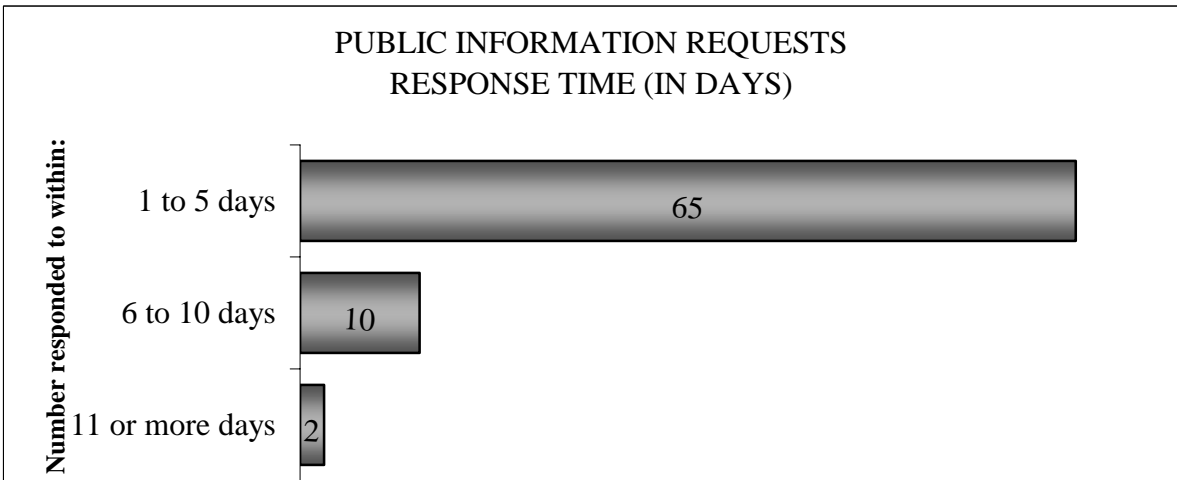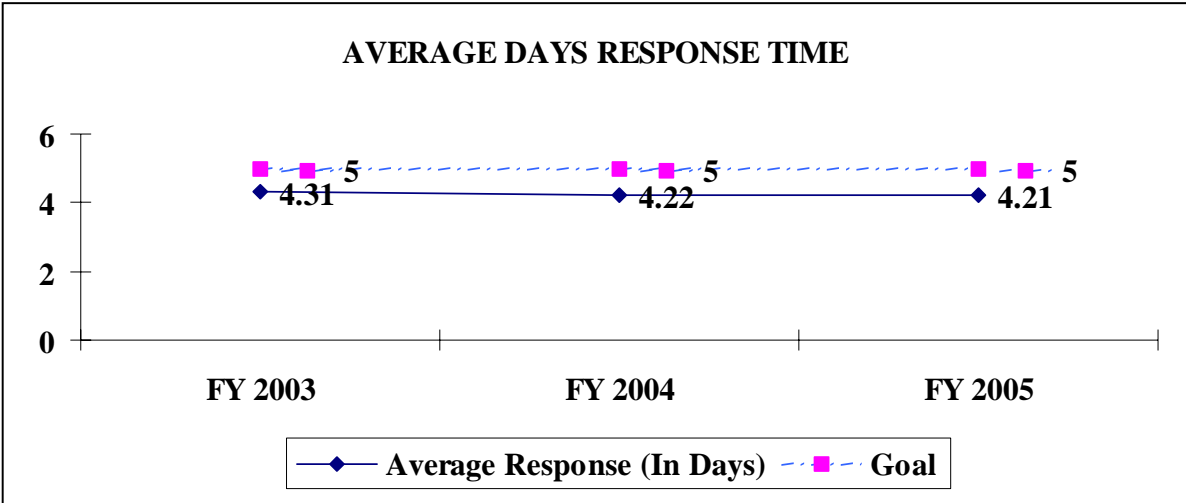
  Goal: Establish 100 percent of the accounts required to account for the state's financial activities in accordance with the annual Appropriation Act passed by the General Assembly. Each account consists of an agency number, subfund detail, object code, and mini code.

  Benchmark: The South Carolina Code of Laws, Title 11, Section 11-3-50 requires the Comptroller General's Office to account for all appropriations by the General Assembly.
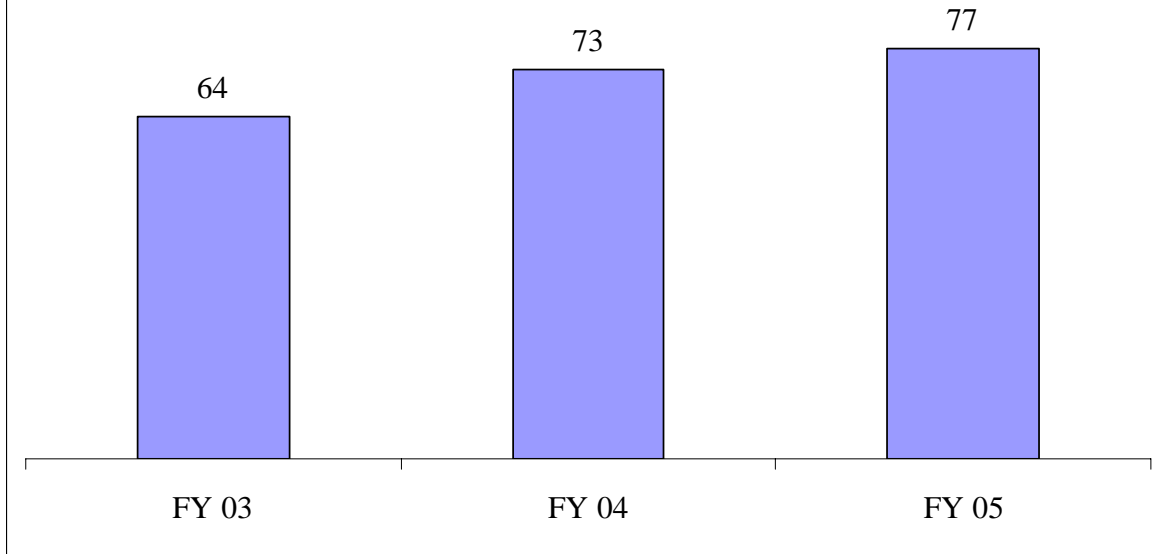
- Responded to 77 public record requests within an average of 4.21 working days.

  Goal: Respond to public records requests for information within five working days.

  Benchmark: The South Carolina Code of Laws, Title 30-4-30 (c) states: "Each public body, upon written request for records made under this chapter, shall within fifteen days (excepting Saturdays, Sundays, and legal public holidays) of the receipt of any such request notify the person making such request of its determination and the reasons therefore".

AVERAGE DAYS RESPONSE TIME

- Average Response (In Days): FY 2003 = 4.31, FY 2004 = 4.22, FY 2005 = 4.21
- Goal: FY 2003 = 5, FY 2004 = 5, FY 2005 = 5

PUBLIC INFORMATION REQUESTS RESPONSE TIME (IN DAYS)

Number responded to within:
- 1 to 5 days: 65
- 6 to 10 days: 10
- 11 or more days: 2

INFORMATION REQUESTED BY

- Legistative: 38
- State agencies: 19
- Media: 10
- Citizens: 7
- Other: 3

Public Information Requests Received During the Fiscal Year

64

73

77

FY 03

FY 04

FY 05

Administration/Local Government Division

Goals:

- Provide administrative support functions to our agency in the areas of accounting, budgeting and finance, procurement, public and legislative relations, and employee benefits in compliance with all state and federal requirements.

- Maintain direct contact with the county auditors, treasurers and tax collectors and supervise the property tax collection process and reimbursement programs as mandated by the General Assembly.

- To maintain the highest possible customer satisfaction level by meeting customer expectations and by providing quality service delivery.

- Maintain a knowledgeable, well-trained workforce whose educational level and skills level are aligned with the agency's service delivery requirements.

Objectives:

- Provide 64 office employees and 92 county auditors and treasurers with an efficient, user-friendly payroll and employee benefits system. Coordinate staff development and training. In accordance with the Appropriation Act, disburse salary supplements to select county officials.

- Receive no audit exceptions in the areas of insurance, procurement, personnel and finance.

- Administer the state's U.S. Savings Bond Program through a statewide-automated purchasing system.

- Disburse funds to counties in accordance with the Appropriation Act for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers' Depreciation, and State Residential Property Tax Programs.

- To maintain the highest possible employee (internal customer) overall satisfaction level.

- Provide the training needed to ensure that employees have the skills and knowledge required to perform the functions given top priority in our strategic plan.
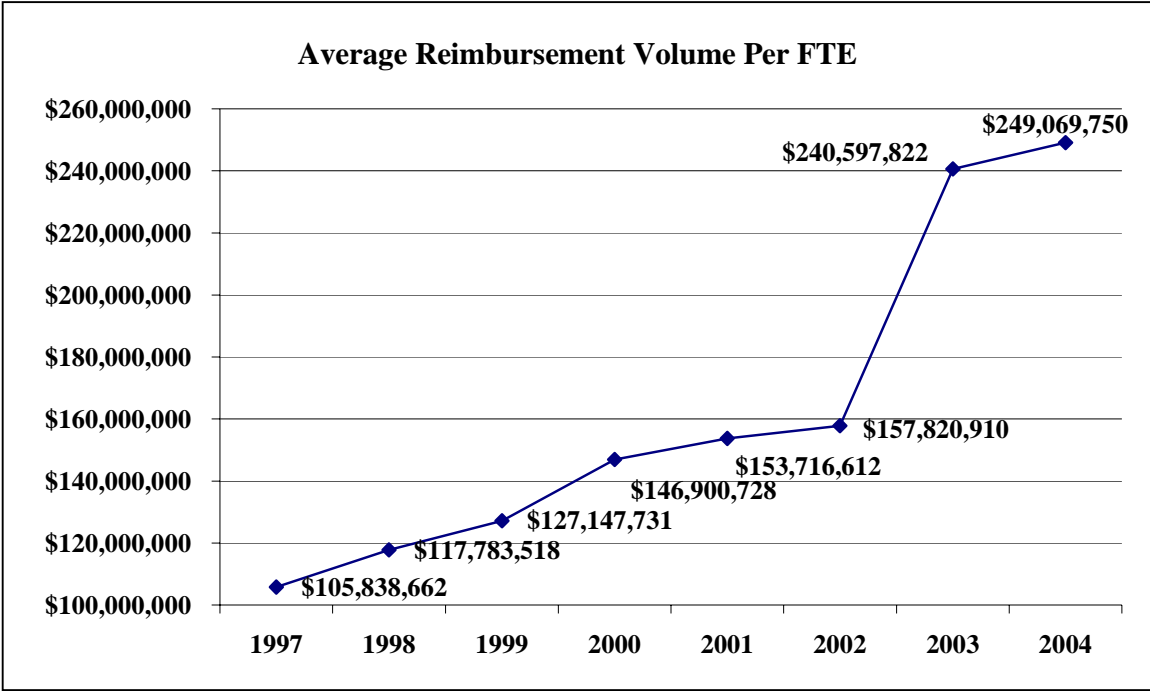
Key Results:

- Maintained and provided payroll and insurance benefits records for 64 employees and 92 county auditors and treasurers (100 percent of requirements). Provided information for all EPMS reviews, reclassifications and performance increases for covered positions.

- Received no audit exceptions in the areas of insurance, procurement and personnel.

- Received the Independent Accountant's Report on Applying Agreed-Upon Procedures for the fiscal year ended June 30, 2004. No exceptions were found as a result of the procedures.

- Maintained employee payroll deduction files and purchased 10,768 U. S. Savings Bonds totaling $679,200 from the Federal Reserve Bank. One hundred percent of the bonds were purchased on time.

- Disbursed 100 percent of the required salary supplements to county officials.

  Benchmark: Part 1A, Section 69A.1 of the FY 2005 Annual Appropriation Act requires the Comptroller General to distribute salary supplements to county officials.

- Disbursed funds to counties for the Homestead Exemption, Merchants' Inventory Exemption, Manufacturers Depreciation, State Residential Property Tax and Motor Vehicle Tax Reduction Programs.

  Benchmarks: Disbursements are made in accordance with the requirements of The South Carolina Code of Laws - Sections 12-37-251, Homestead exemption from property taxes; 12-37-450, Business Inventory Tax Exemption; Reimbursement of counties and municipalities; 12-37-270, Reimbursement for tax loss in counties allowing homestead exemptions; and 12-37-935, Maximum percentage depreciation; trust fund for tax relief.

Average Reimbursement Volume Per FTE

| Year	Value
1997	$105,838,662
1998	$117,783,518
1999	$127,147,731
2000	$146,900,728
2001	$153,716,612
2002	$157,820,910
2003	$240,597,822
2004	$249,069,750

Note: Years represent tax years. Calendar year 2004 is the most recently completed tax year. The significant increase in the reimbursement volume from 2002 to 2003 is because the FTE's assigned to perform this process decreased from three to two during the fiscal year.

The reduction in agency personnel and our limited resources underscores the difficulty our agency has encountered in providing the necessary technical and legal assistance to the local government officials to aid them in the performance of their duties. To respond to the ongoing needs of our county officials, this agency has coordinated with the South Carolina Association of Auditors, Treasurers and Tax Collectors (SCATT) and the Department of Revenue (DOR) to merge this agency's limited resources with those available in the Property Tax Division at DOR. This has improved efficiency and coordination between the state agencies and provided significant benefits to the county officials who can now rely on both agencies' staffs for joint advice and guidance.

▪ Obtained a 77% internal customer satisfaction level during Fiscal Year 2004-2005 (measurement of the agency's effectiveness in maintaining a working climate that contributes to employees' well-being, satisfaction, and motivation). ACSI benchmark is 65.8%.

Benchmark: The American Customer Satisfaction Index is produced annually by the University of Michigan in conjunction the American Society for Quality. The index is nationally recognized and provides industry-specific measures of customer satisfaction. The 68.3% ASCI score was taken from the February 15, 2005 Special Report on Governmental Services.

CUSTOMER SATISFACTION COMPARISON

Legend: ☐ ACSI-Public Administration/Government ☐ External Customers ■ Internal Customers
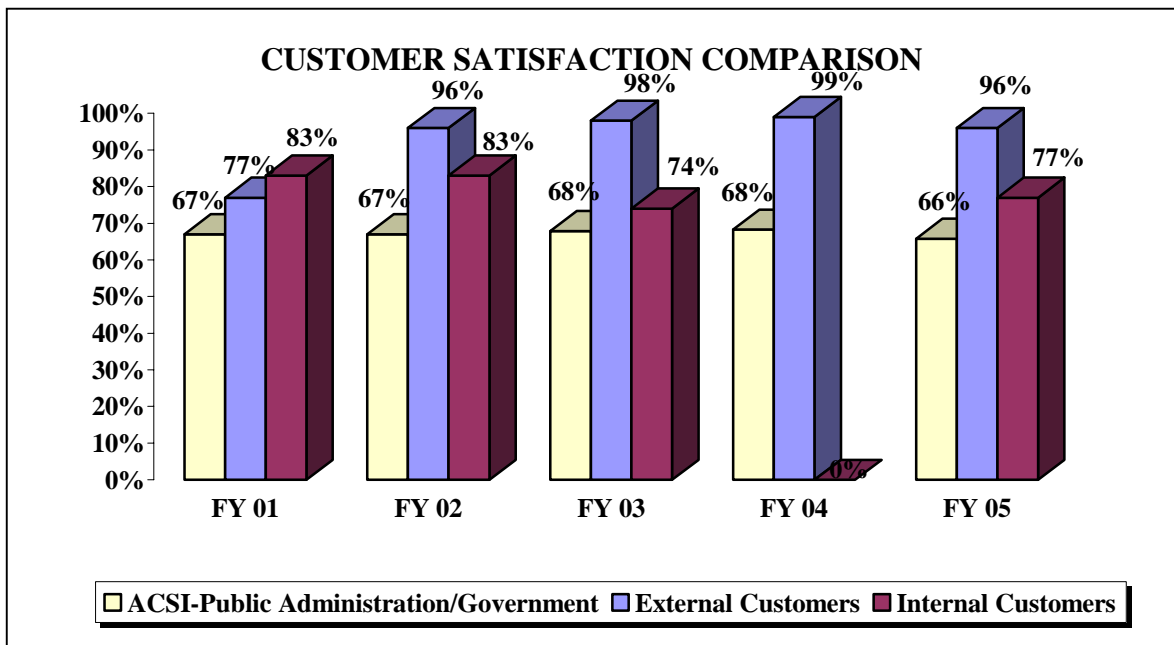
Note: The format and process for the employee survey was reviewed and changed by agency managers in FY 2003-2004 and no internal survey was taken during that year. An internal survey, modified to capture additional employee information, was conducted in 2004-2005.

- Provided 994 hours of professional development training for employees.

PROFESSIONAL DEVELOPMENT TRAINING HOURS
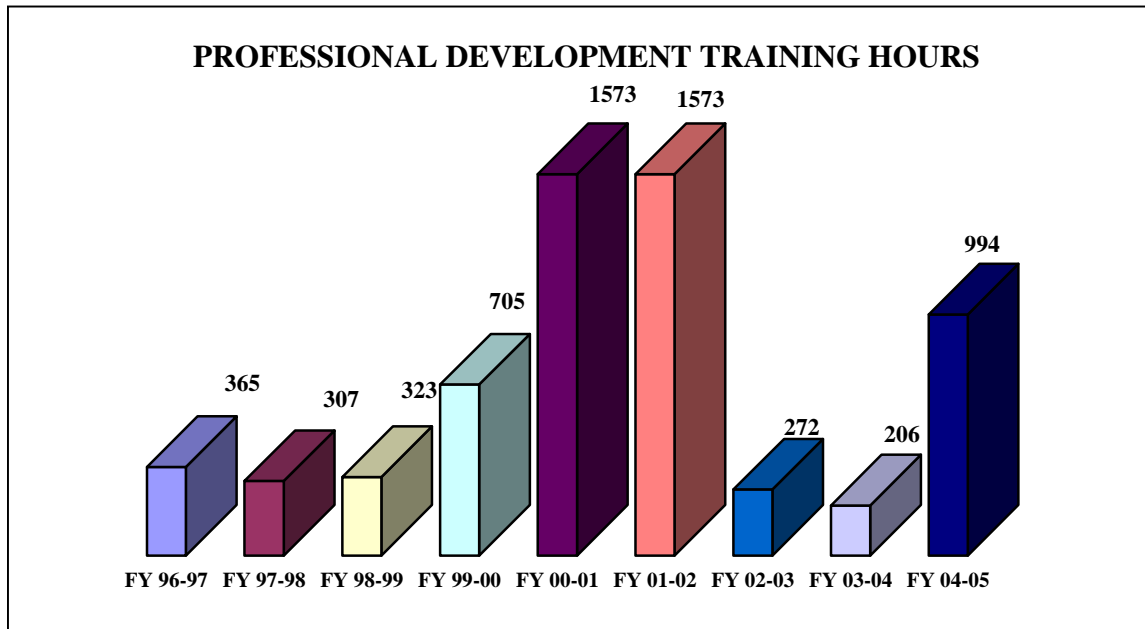
Note: The agency collaborated with other state agencies with similar training needs. Through this collaboration, the agencies developed and presented in-house training and shared the cost of attending audio conferences hosted at local sites. As a result of this collaboration, the training hours provided to staff members by the agency increased by 79% from Fiscal Year 2003-04 to 2004-05.   Five hundred and ninety two of the 994 hours provided were related to developing and implementing the SCEIS.