# ACCOUNTABILITY REPORT

# STATE OF SOUTH CAROLINA

**Fiscal Year 2005-2006**

# Office of Comptroller General

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**RICHARD ECKSTROM**
COMPTROLLER GENERAL

**NATHAN KAMINSKI, JR.**
CHIEF OF STAFF

September 15, 2006

## 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 2005-2006.

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 Officers 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 Clarissa Adams at 734-2522.

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).

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

## 2. Major Achievements for FY 2005-2006

- 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 27.

- Decreased average turnaround time for audited agency payment requests (contingent vouchers and interdepartmental transfers) from 3.63 days in Fiscal Year 2004-2005 to 3.35 business day in Fiscal Year 2005-2006. See page 31.

- Met all payroll requirements including significant system modifications as a result of the State Retirement System Preservation and Investment Reform Act (Act 153 or S618 legislation affecting TERI). The system modifications were successfully completed despite the loss of key personnel in the Information Technology Division. 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, 2005 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, 2005. No exceptions were noted.

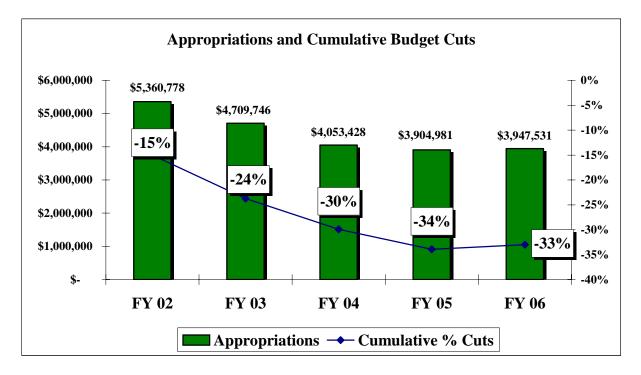- Received no exceptions on annual IT audit.

1

- Upgraded personal computer hardware and software to meet the requirements of agency programs. The Information Technology division completed Phase 1 of computer hardware and software upgrades for the agency with no interruptions in service to staff.

- Maintained a high usage level of the Visa Procurement Card, thereby reducing the volume of individual disbursement requests and increasing financial rebates to the State. See page 32.

- Transferred the supervision of the property tax collection process and reimbursement program to the Department of Revenue without interruption of service to local governments.

- Supported the Budget and Control Board's implementation of a statewide enterprise information (EIS) system that will provide a comprehensive statewide platform for managing the state's finances.

- Chaired and assisted the South Carolina Military Base Task Force appointed by the Governor to coordinate the actions of the state's military communities to enhance support of Department of Defense military missions in the state. Due to this proactive leadership, the 2005 Base Realignment and Closing (BRAC) Commission mandated the assignment of additional military personnel and assets to the state. The Task Force is now providing critical assistance to our military communities in the planning and execution of bringing these new missions to South Carolina.

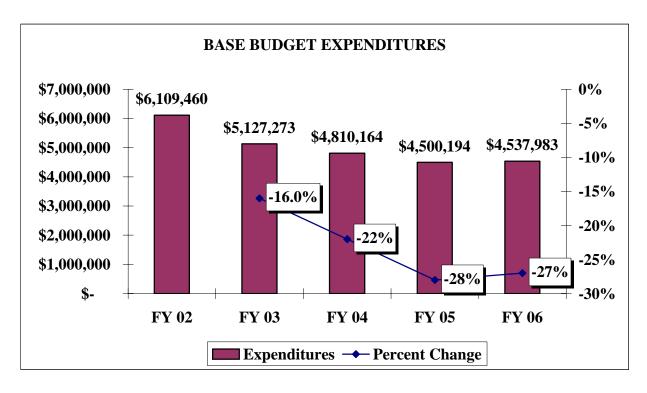## 3. Key Strategic Goals for FY 2005-2006 and Future

- Issue a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006 that complies with the standards of GAAP and of the GFOA Certificate of Achievement program.

- Complete Phase II of the agency's computer hardware and software upgrades.

- Maintain the document management system at the current level until sufficient funds are available to include electronic document management and imaging through the SCEIS. See page 25.

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

- Continue supporting the Budget and Control Board's implementation of the South Carolina Enterprise Information System (SCEIS). This system will provide a comprehensive platform for managing the state's finances.

## 4. Opportunities and Barriers

- In the aftermath of the economic downturn that affected our economy and dramatically reduced tax revenues, it has been necessary to target ways to operate the agency with less general fund appropriations. For the Comptroller General's Office, agency appropriations have decreased 33% during the last several fiscal years. 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 | FY 06 |
|---|---|---|---|---|---|
| Appropriations | $5,360,778 | $4,709,746 | $4,053,428 | $3,904,981 | $3,947,531 |
| Cumulative % Cuts | -15% | -24% | -30% | -34% | -33% |

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 27 percent from Fiscal Year 2001-02 to Fiscal Year 2005-06. See page 4.

## BASE BUDGET EXPENDITURES

**$6,109,460**

**$5,127,273**

**$4,810,164**

**$4,500,194**   **$4,537,983**

-16.0%

-22%

-28%   -27%

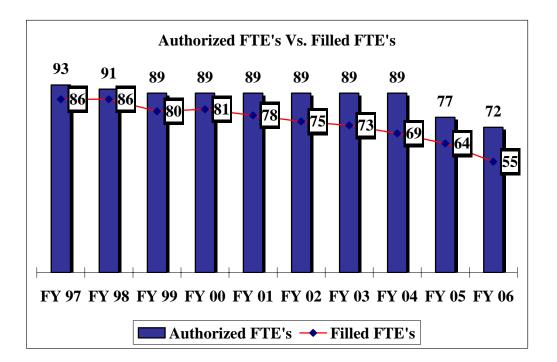| | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |

**Expenditures** ◆ **Percent Change**

The agency also uses e-mail as much as possible instead of making long distance telephone calls; did not renew the leasing agreement for the agency's postage meter, instead sharing 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.

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 an 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.
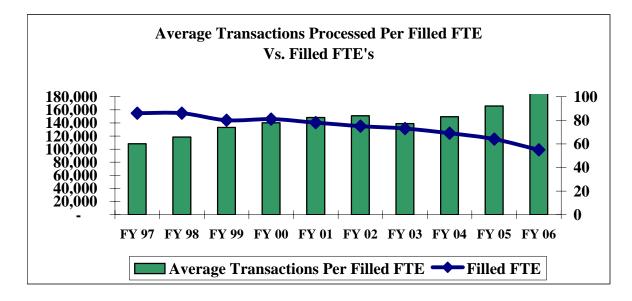
- In an effort to maintain quality service to county treasurers, auditors, and tax collectors, the local government function was transferred from the Comptroller General's Office to the Department of Revenue. Both agencies coordinated with local government officials to ensure the transition was efficient and effective.

- Since personal service funds constitute the largest percentage of the budget, senior management has left certain "less critical" positions vacant wherever possible. However, the agency had an usually low number of filled positions **at** June 30, 2006 due to normal attrition and TERI. In light of the anticipated turnover, senior management has identified key areas requiring additional cross training. The acquired knowledge and skills will aid in the potential development of future organizational leaders. Succession planning includes replacing several of these key positions and maintaining a staffing level similar to FY 2004-2005. See graph below.

**Authorized FTE's Vs. Filled FTE's**

| | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|---|---|---|---|---|---|---|---|---|---|---|
| Authorized FTE's | 93 | 91 | 89 | 89 | 89 | 89 | 89 | 89 | 77 | 72 |
| Filled FTE's | 86 | 86 | 80 | 81 | 78 | 75 | 73 | 69 | 64 | 55 |

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 26) and meet its service delivery requirements.

- The agency recognizes the need for 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 10,967,343. While the average

number of transactions per filled FTE continues to increase, the agency successfully processed this increased volume with fewer office employees.  See graph below.

**Average Transactions Processed Per Filled FTE Vs. Filled FTE's**



Legend: Average Transactions Per Filled FTE (bars), Filled FTE (line)

- 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, 18 of the agency's 55 employees (33%) are now participating in the TERI program.  These 18 employees have 536 cumulative years of experience for an average of 29 years per person.  Since total salaries for these TERI employees are $1,044,056, 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 level of experience in such a 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 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**
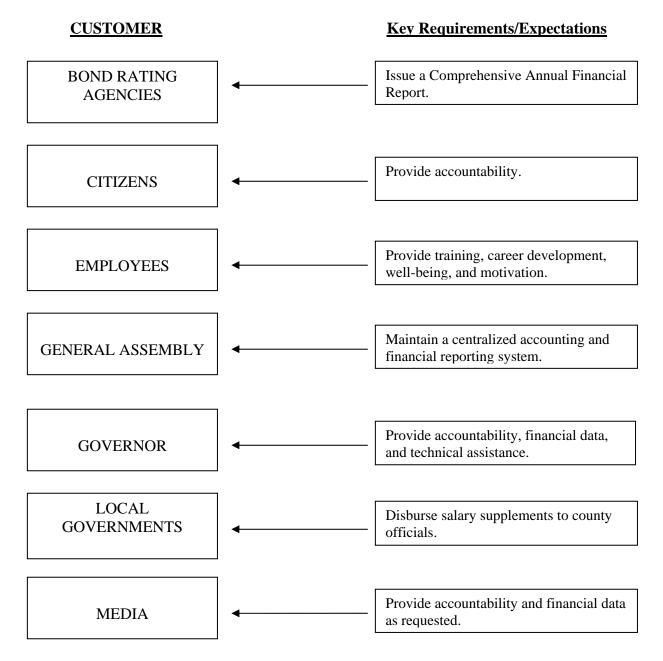
The agency uses the Accountability Report to monitor, measure, and document the agency's progress in obtaining goals.
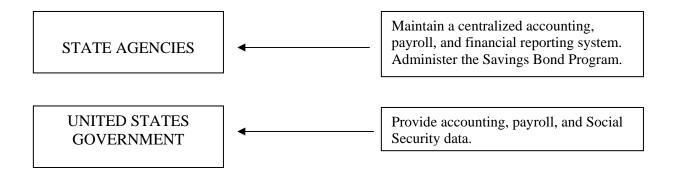
# SECTION II - ORGANIZATIONAL PROFILE

### 1. Main Products and Services and the Primary Delivery Method

Provide 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).

### 2. Key Customers and their Key Requirements/Expectations

| <u>CUSTOMER</u> | <u>Key Requirements/Expectations</u> |
|---|---|
| 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 | Disburse salary supplements to county officials. |
| 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. |

### 3. Key Stakeholders

Our customers are our stakeholders.

### 4. Key Suppliers and Partners

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

### 5. Operation Locations

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

### 6. Number of Employees segmented by employee category

At the end of fiscal year 2005-2006 the Comptroller General's Office had a total of 72 authorized FTE's. Fifty-five (55) of the 72 authorized FTE's were filled and 17 were vacant. The employee category consists of two unclassified positions, fifty-three classified positions, and four temporary positions.

### 7. Regulatory Operating Environment

The regulatory environment the agency operates under includes the General Assembly, bond rating agencies, Government Finance Officers Association of the United States and Canada (GFOA), Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), and the Internal Revenue Service.
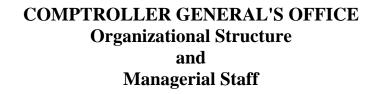
### 8. Key Strategic Challenges

The agency had an unusually low number of filled positions **at** June 30th due to normal attrition and TERI. In light of the anticipated turnover, senior management used this as an
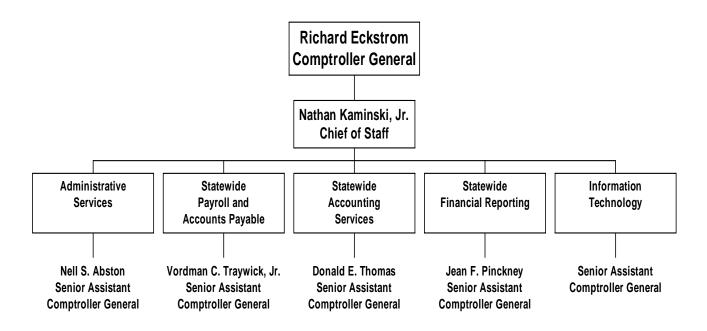
opportunity to review service requirements and "realign" staffing needs whenever possible. The review identified areas requiring additional cross training that may potentially develop future organizational leaders.

9. **Performance Improvement System(s)**

Senior management develops the strategic plan and sets the agency's vision. Since senior managers are involved in the day-to-day workflow, they are able 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.

10. **Organizational Structure**

## COMPTROLLER GENERAL'S OFFICE
## Organizational Structure
## and
## Managerial Staff

| Richard Eckstrom |
|---|
| Comptroller General |

| Nathan Kaminski, Jr. |
|---|
| Chief of Staff |

| Administrative Services | Statewide Payroll and Accounts Payable | Statewide Accounting Services | Statewide Financial Reporting | Information Technology |
|---|---|---|---|---|
| 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 | Senior Assistant Comptroller General |

## 11. Expenditures/Appropriations Chart

### Base Budget Expenditures and Appropriations

| Major Budget Categories | 04-05 Actual Expenditures | | 05-06 Actual Expenditures | | 06-07 Appropriations Act | |
|---|---|---|---|---|---|---|
| | Total Funds | General Funds | Total Funds | General Funds | Total Funds | General Funds |
| Personal Service | $3,464,755 | $3,099,665 | $3,282,737 | $2,916,063 | $3,518,607 | $3,014,607 |
| Other Operating | $ 160,422 | $ 3,063 | $ 389,630 | $ 225,370 | $ 419,625 | $ 206,700 |
| Special Items | - | - | - | - | $ 392,953 | $ 392,953 |
| Permanent Improvements | - | - | - | - | - | - |
| Case Services | - | - | - | - | - | - |
| Distributions to Subdivisions | - | - | - | - | - | - |
| Fringe Benefits | $ 875,017 | $ 781,265 | $ 839,917 | $ 751,007 | $1,051,120 | $ 888,045 |
| Non-recurring | - | - | - | - | - | - |
| **Total** | **$4,500,194** | **$3,883,993** | **$4,512,284** | **$3,892,440** | **$5,382,305** | **$4,502,305** |

### Other Expenditures

| Sources of Funds | 04-05 Actual Expenditures | 05-06 Actual Expenditures |
|---|---|---|
| Supplemental Bills | - | $25,699 |
| Capital Reserve Funds | - | - |
| Bonds | - | - |

## 12. Major Program Areas Chart

| Program Number And Title | Major Program Area Purpose (Brief) | FY 04-05 Budget Expenditures | FY 05-06 Budget Expenditures | Key Cross References for Financial Results* |
|---|---|---|---|---|
| II | **Statewide Payroll/Accounts Payable** Provide centralized payroll for state employees. Review requests for reimbursement from state agencies to ensure compliance with state law. | State: $1,043,435 <br> Federal: - <br> Other: 80,695 <br> Total: $1,124,130 <br><br> 25% of Total Budget | State: $1,107,365 <br> Federal: - <br> Other: 95,109 <br> Total: $1,202,474 <br><br> 27% of Total Budget | Page 30-33 |
| IV | **Information Technology** Provide information technology application development, maintenance, production control, local area network and PC support. Applications include all statewide accounting and payroll functions. | State: $ 709,611 <br> Federal: - <br> Other: 62,888 <br> Total: $ 772,499 <br><br> 17% of Total Budget | State: $ 758,114 <br> Federal: - <br> Other: 66,790 <br> Total: $ 824,904 <br><br> 18% of Total Budget | Page 34-37 |
| III | **Statewide Financial Reporting** Provide centralized reporting of the state's financial activities. Produce the state's Comprehensive Annual Financial Report. | State: $ 403,597 <br> Federal: - <br> Other: 126,492 <br> Total: $ 530,089 <br> 12% of Total Budget | State: $ 372,138 <br> Federal: - <br> Other: 157,372 <br> Total: $ 529,510 <br> 12% of Total Budget | Page 38-39 |
| V | **Statewide Accounting Services** 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: $ 308,112 <br> Federal: - <br> Other: 72,354 <br> Total: $ 380,466 <br><br> 9% of Total Budget | State: $ 324,249 <br> Federal: - <br> Other: 103,487 <br> Total: $ 427,736 <br><br> 9% of Total Budget | Page 40-42 |
| I | **Administrative Services** Provide executive leadership and administrative services to support the agency's functions. | State: $ 637,974 <br> Federal: - <br> Other: 180,020 <br> Total: $ 817,994 <br> 18% of Total Budget | State: $ 579,567 <br> Federal: - <br> Other: 108,177 <br> Total: $ 687,744 <br> 15% of Total Budget | Page 43-44 |
| | Remainder of Expenditures: **Employer Contributions** | State: $ 781,264 <br> Federal: - <br> Other: 93,752 <br> Total: $ 875,016 <br> 19% of Total Budget | State: $ 751,007 <br> Federal: - <br> Other: 88,910 <br> Total: $ 839,917 <br> 19% of Total Budget | |

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

# SECTION III - ELEMENTS OF MALCOLM BALDRIGE AWARD CRITERIA

## CATEGORY 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 determines the agency's vision. Senior managers routinely review requirements by customers and stakeholders such as the General Assembly, bond rating agencies, Government Finance Officers 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 17.

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

Senior management 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 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.

**1.4. *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. The

agency's processes are routinely reviewed both internally and by external parties (e.g. independent auditors) to ensure timely results.

### 1.5. 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.

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

Senior leaders discuss the results of reviews performed by external auditors and others to evaluate management effectiveness. Audits, with no exceptions, provide the 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.

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

Senior management recognizes the need for succession planning in order to successfully manage the anticipated loss of experienced staff and job knowledge in the next few years. In light of the anticipated turnover, senior management identified areas where additional cross training could aid in the development of future organizational leaders. Senior managers also strive to identify and implement more efficient practices. It is anticipated that the planned statewide accounting system will be an integral part of streamlining practices.

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

Senior managers are involved in the day-to-day workflow processes. This enables them to monitor progress and identify problems quickly. 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.

***1.10. How does senior leadership actively support and strengthen the communities in which your organization operates? Include how senior leaders and employees contribute to improving these communities.***

The agency supports the community through participation in the annual United Way Campaign and the Good Health Appeal. The senior management and agency staff have actively promoted and worked in "America Supports You" national program launched by the Department of Defense, encouraging support of US military troops around the world, especially those serving in Iraq. Also, many of our employees voluntarily participate in blood drives and participate in various civic activities such as the Girl Scouts and Boy Scouts. Each employee determines his/her areas of community activity.

**2.1.** *What is your Strategic Planning process, including KEY participants, and how does it*
*address:*
*(a) your organization's strengths, weaknesses, opportunities, and threats,*
*(b) financial, regulatory, societal, and other potential risks,*
*(c) shifts in technology or the regulatory environment,*
*(d) human resource capabilities and needs,*
*(e) the opportunities and barriers you described in the Executive Summary (question 4),*
*(f) business continuity in emergencies, and*
*(g) your ability to execute the strategic plan?*

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 (GFOA), 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
staff hours required.

**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 17.

**2.3.** *What are your key action plan/initiatives?*

See the Strategic Planning Chart on page 17.

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

Senior managers 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, and cost savings/cost avoidance.

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

See answer to question 2.4 above.

*2.6. How do you measure progress on your action plans?*

See answer to question 2.4 above

*2.7. How do your strategic objectives address the strategic challenges you identified in your Organizational Profile?*

The agency had an unusually low number of filled positions at June 30, 2006 due to normal attrition and TERI. To ensure the strategic objectives were being met, senior managers reviewed and monitored benchmarks to determine appropriate staffing levels. Succession planning included replacing several key positions and maintaining a staffing level similar to FY 2004-2005. See the Strategic Planning Chart on page 17.

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

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 05-06 Key Agency Action Plan/Initiative(s) | Key Cross References for Performance Measures* |
|---|---|---|---|
| II Statewide Payroll/Accounts Payable | Verify the validity, authenticity, and legality of requests for payments submitted by agencies. | Process disbursement requests submitted by agencies within four business days. | Page 30-33 |
| IV Information Technology | 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 34-37 |
| III Statewide Financial Reporting | Produce the State of South Carolina's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2005-2006. 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 38-39 |
| V Statewide Accounting Services | 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 40-42 |
| I through V Administrative Services Statewide Payroll/AP Statewide Acct. Services Statewide Fin. Reporting Information Technology | Deliver services accurately and timely. Meet 100% of mandated requirements. | Maintain the highest possible customer satisfaction level. | Page 26-27 |

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

## CATEGORY 3 - CUSTOMER 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, 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 pages 7-8.

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

As a statewide elected official, the Comptroller General is frequently asked to address citizen groups. He also meets with members of the General Assembly, the Budget and Control Board, 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 and expectations.
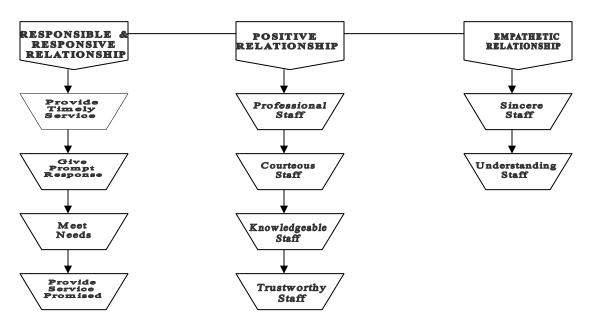
Also, members of senior management annually participate in forums held by professional accounting and legal organizations. In addition, many of our employees have daily contact with our customers. Employees are encouraged to use this contact as a means of determining customer satisfaction. Feedback received from this communication is passed on to senior management. The feedback is evaluated to assess the agency's effectiveness in service delivery and meeting customer expectations. When needed, advisory groups, ad hoc task forces, and/or professional advisors are used to ensure that service requirements and customer expectations are met. Furthermore, the agency conducted a customer satisfaction survey that included all state agencies, local governments, and higher education institutions.

**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 to emphasize areas 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 a variety of methods including staff meetings or training.

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

Customer satisfaction and or dissatisfaction 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.

<u>**EXTERNAL CUSTOMER SATISFACTION MODEL**</u>

| RESPONSIBLE & RESPONSIVE RELATIONSHIP | POSITIVE RELATIONSHIP | EMPATHETIC RELATIONSHIP |
|---|---|---|
| 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 state agencies, local governments and higher education institutions that attended an annual training seminar.  While this method was effective, the agency decided to expand the survey to include all state agencies, local governments, and higher education institutions. This larger pool provides better representation of our broad customer base.  The overall response was **very** positive.  See the survey results on pages 26 and 27.

**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 avenue is through interaction with customers and stakeholders at conferences. Another method is by working with our customers and stakeholders to achieve a common objective. For example, the Comptroller General's Office has continued to support the Budget and Control Board's Chief Information Office (CIO) implementation of the South Carolina Enterprise Information System (SCEIS).

# CATEGORY 4 - MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT

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

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 effectiveness of the manner in which the agency provides required services. Some of the criteria for measurement 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. Other measures include customer satisfaction level, and cost savings or cost avoidance to evaluate the management team's performance.

**4.2.** *How do you use data/information analysis to provide effective support for decision making throughout your organization?*

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 these meetings 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 other 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.

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

The agency's key measures are customer satisfaction, cycle time, cost savings, and cost avoidance. See also 4.2

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

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 participation in

professional organizations such as the National Association of State Auditors, and the 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.

**4.5. *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 procedure manuals. The procedure 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.

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

Organizational performance is discussed by senior management during the weekly directors meeting. Senior managers evaluate potential deficiencies and devise a plan for improvement. Improvements are also implemented based on employees recognizing a need to change certain procedures, input from customers, or changes in stakeholder requirements. The plan for improvement is then communicated to staff members through methods such as staff meetings or training.

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

Certain agency functions are documented in procedures manuals. These manuals serve as training tools for less experienced employees and reference guides for those with more experience. 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 RESOURCES

*5.1.* ***How do you organize and manage work to enable employees to develop and utilize their full potential, aligned with the organizations objectives, strategies, and action plans; and to promote cooperation, initiative, empowerment, innovation and your desired organizational culture?***

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. However, senior management recognizes the value and importance of its staff providing quality service. Because staffing levels have been affected by normal attrition and retirement, senior management used this as an opportunity to review certain service requirements and "realign" staffing needs whenever possible.

*5.2.* ***How do you evaluate and improve your organization's human resource related processes?***

The agency uses weekly staff meetings to evaluate the human resource processes. Effective communication is also an important tool used by management. Senior managers communicate with staff to determine areas for evaluation and improvement.

*5.3.* ***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? How do you evaluate the effectiveness of this education and training? How do you encourage on the job use of the new knowledge and skills?***

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 last three fiscal years, the agency's training budget has been reduced significantly. The agency has 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. The collaboration resulted in a significant savings and continues to be a successful annual program. The agency provided 545 hours of professional development training for employees. Three hundred forty-four (344) of the 545 hours provided were related to developing and implementing the South Carolina Enterprise Information System (SCEIS). The SCEIS training was particularly effective in enabling staff to provide technical support to the Budget and Control Board in the design and implementation of the project.

**5.4.** *How does your employee performance management system, including feedback to and from employees, support high performance and contribute to the achievement of your action plans?*

The Employment Performance Management System (EPMS) serves as a formal vehicle to provide feedback to employees. Employees receive a formal performance review 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 periodically hold informal review sessions with staff members.

**5.5.** *How do you motivate your employees to develop and utilize 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 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.

**5.6.** *What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you determine priorities for improvement?*

The agency uses performance evaluations, 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.

**5.7.** *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.

## CATEGORY 6 - PROCESS MANAGEMENT

### 6.1. What are your key processes that produce, create or add value for your customers and your organization? How do you ensure that these processes are used?

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, cost controls, and other efficiency and effectiveness factors such as cycle time into process design and delivery?

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. Senior management is responsible for insuring that the agency's day-to-day operations are as efficient as possible and that staff adhere to internal cost controls.

### 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 determined 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.

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

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.

***6.5. 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 Information Technology 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. The Information Technology division completed Phase 1 of computer hardware and software upgrades for the agency. The project was completed with no interruptions in service to staff. Some examples of our technology related processes are:

- **Document Management System**

  The electronic document management system is in the pilot phase. The 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 support the implementation of the SCEIS project through the Budget and Control Board. 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 with the exception of higher education institutions.

## CATEGORY 7 - KEY BUSINESS RESULTS
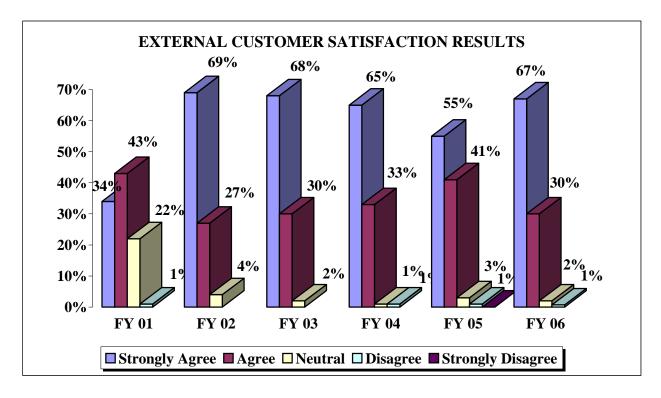
**Goals:**

- 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.
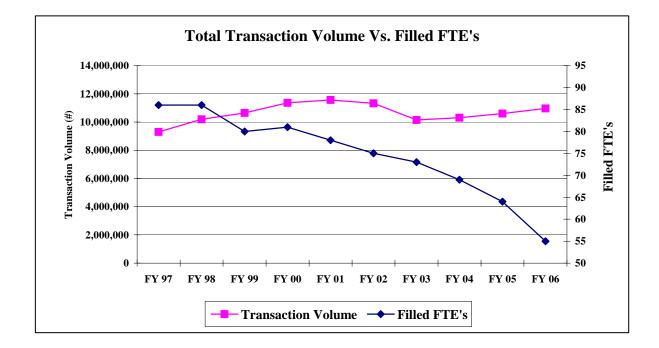
**Key Results:**

- Obtained a 97% external customer satisfaction level (measurement of the agency's effectiveness in providing quality service and meeting customer expectations).



**EXTERNAL CUSTOMER SATISFACTION RESULTS**

## CUSTOMER SATISFACTION COMPARISON

| | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|---|---|---|---|---|---|---|
| ACSI-Public Administration/Government | 67% | 67% | 68% | 68% | 66% | 67% |
| External Customers | 77% | 96% | 98% | 99% | 96% | 97% |

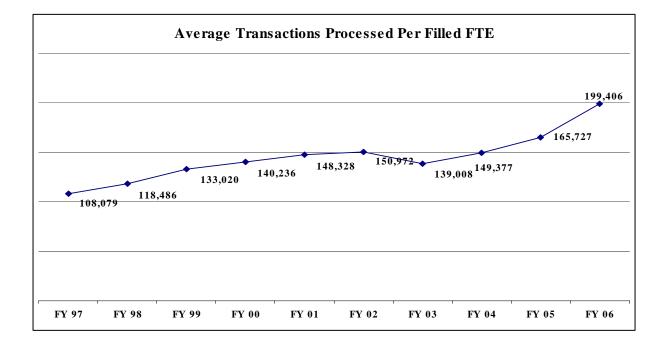□ ACSI-Public Administration/Government   ■ External Customers

**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 67.1% ACSI score was taken from the December 15, 2005 Special Report on Governmental Services.

- Met basic service delivery requirements, despite a reduction in filled FTE's

**Total Transaction Volume Vs. Filled FTE's**



**Average Transactions Processed Per Filled FTE**



108,079
118,486
133,020
140,236
148,328
150,972
139,008
149,377
165,727
199,406

Note: The total volume of all agency transactions for the fiscal year was 10,967,343. While the transaction volume increased slightly this fiscal year, the number of filled FTE's declined

due to normal attrition and retirement, reflecting an increase in the average transactions processed per filled FTE. 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.

## Statewide Payroll/Accounts Payable 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 and authenticity 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 (PCard) for small purchases, thereby, reducing transaction volume and increasing financial rebates to the state.
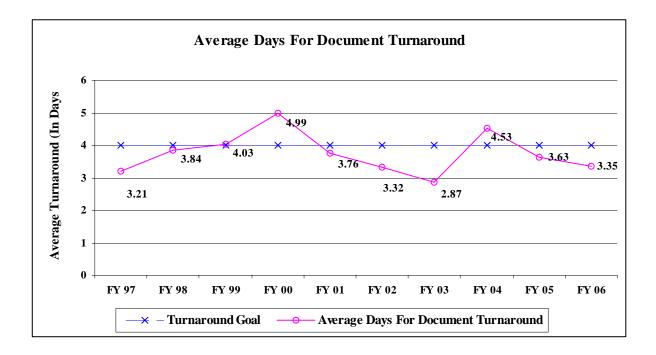
**Key Results:**

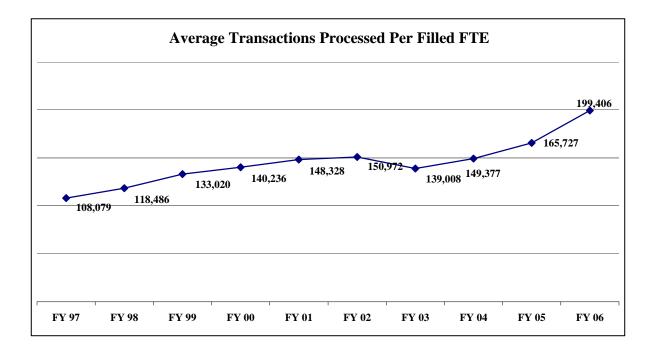- Processed the statewide payroll accurately and on time 100% of the time.

  **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 2005 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.

- Processed over 1.4 million Contingent Vouchers and Interdepartmental Transfers within an average of 3.35 business days.

**Average Days For Document Turnaround**



**Average Transactions Processed Per Filled FTE**



Note: The Statewide Payroll and Accounts Payable Division processes payment requests from agencies. For each request determined to be valid, the agency issues an electronic warrant to the State Treasurer authorizing payment. The agency's goal is to review disbursement requests within four business days.

- The Procurement Card annual rebate for State and Local Government for 2005 was $988,863. 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
vs. Rebate Program
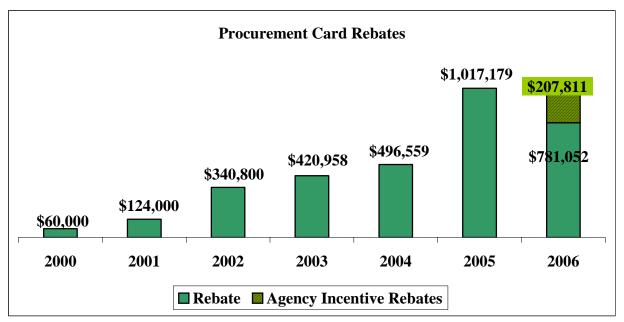(Expressed in Thousands)**

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| Spend Volume | $25,262,218 | $73,087,235 | $100,235,561 | $123,870,861 | $146,046,965 | $169,529,870 | $164,810,633 |
| Rebate | $60,000 | $124,000 | $340,800 | $420,958 | $496,559 | $1,017,179 | $988,863 |

Note: The rebate amount is based on spend volume for the calendar year. For example, the $988,863 received during calendar year 2006 is based on calendar year 2005 spend volume.

# Procurement Card Rebates



Bar chart titled "Procurement Card Rebates" showing rebate values by year:
- 2000: $60,000
- 2001: $124,000
- 2002: $340,800
- 2003: $420,958
- 2004: $496,559
- 2005: $1,017,179
- 2006: $781,052 (Rebate) plus $207,811 (Agency Incentive Rebates)

Legend: ■ Rebate  ▨ Agency Incentive Rebates

**Note:** The 2005 rebate structure was renegotiated to improve the Purchasing Card program. In 2006, the General Assembly approved agency incentive rebates represented by the cross-marked area that is shared among program users to promote more agency participation.

## Information Technology 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.
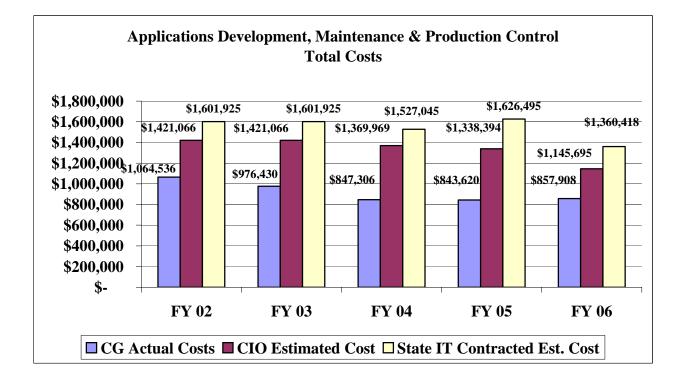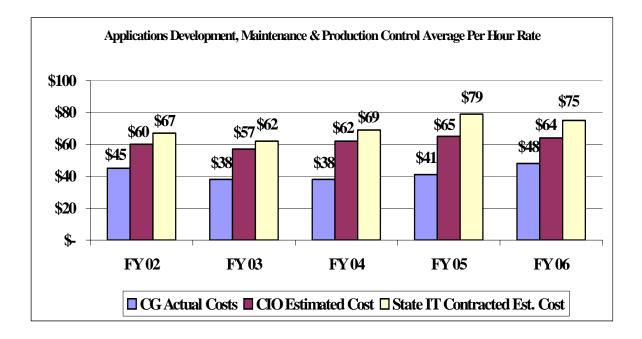
**Objectives:**

- 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 IT audit performed as part of the statewide audit.

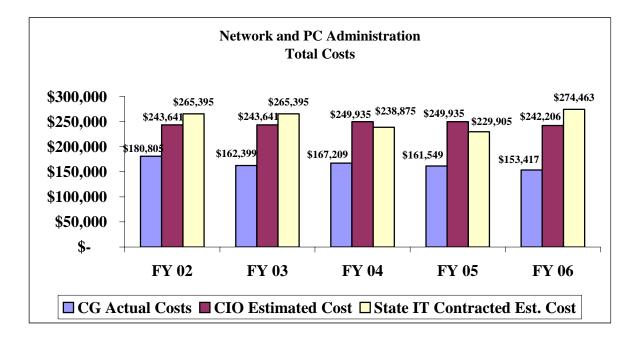- Perform all activities at a cost comparable to private industry or other state agencies.

**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. The agency began the process of upgrading personal computer hardware and software to meet the requirements of agency programs. The Information Technology division completed Phase 1 of computer hardware and software upgrades for the agency.

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

- During fiscal year 2005-2006, the division supported the Budget and Control Board's State Enterprise Information System (SCEIS) team that successfully completed the Finance and Procurement Business Blueprint.

- 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. Maintained the agency WEB site 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 IT 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 – Division of the Chief Information Officer (CIO) 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 Information Technology Division. The estimate of the CIO costs are based on rates as published by CIO. The State IT Contract costs are based on rates published for the Contract for Temporary IT Personnel Contract.

**Applications Development, Maintenance & Production Control Total Costs**

| | CG Actual Costs | CIO Estimated Cost | State IT Contracted Est. Cost |
|---|---|---|---|
| FY 02 | $1,064,536 | $1,421,066 | $1,601,925 |
| FY 03 | $976,430 | $1,421,066 | $1,601,925 |
| FY 04 | $847,306 | $1,369,969 | $1,527,045 |
| FY 05 | $843,620 | $1,338,394 | $1,626,495 |
| FY 06 | $857,908 | $1,145,695 | $1,360,418 |

**Applications Development, Maintenance & Production Control Average Per Hour Rate**

| | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|---|---|---|---|---|---|
| CG Actual Costs | $45 | $38 | $38 | $41 | $48 |
| CIO Estimated Cost | $60 | $57 | $62 | $65 | $64 |
| State IT Contracted Est. Cost | $67 | $62 | $69 | $79 | $75 |

□ CG Actual Costs  ■ CIO Estimated Cost  □ State IT Contracted Est. Cost

**Network and PC Administration**
**Total Costs**

| | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 |
|---|---|---|---|---|---|
| CG Actual Costs | $180,805 | $162,399 | $167,209 | $161,549 | $153,417 |
| CIO Estimated Cost | $243,641 | $243,641 | $249,935 | $249,935 | $242,206 |
| State IT Contracted Est. Cost | $265,395 | $265,395 | $238,875 | $229,905 | $274,463 |

□ CG Actual Costs  ■ CIO Estimated Cost  □ State IT Contracted Est. Cost

**Network and PC Administration**
**Average Per Hour Rate**

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

| | CG Actual Costs | CIO Estimated Cost | State IT Contracted Est. Cost |
|---|---|---|---|
| FY 02 | $42 | $57 | $62 |
| FY 03 | $38 | $57 | $62 |
| FY 04 | $39 | $58 | $56 |
| FY 05 | $38 | $58 | $54 |
| FY 06 | $40 | $64 | $72 |

**Statewide 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 eighteenth consecutive year.
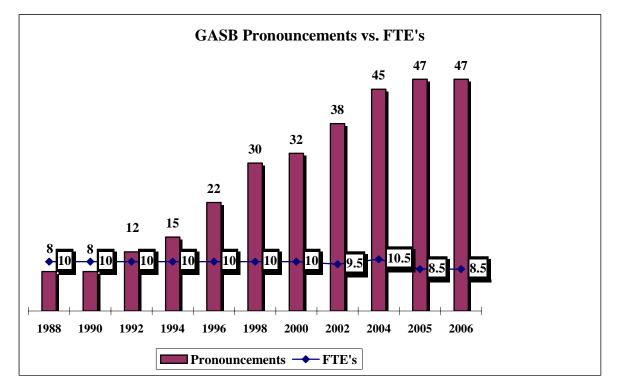
  **Benchmark**: Under the American Institute of Certified Public Accountants' *Code of Professional Ethics*, auditors may award an unqualified audit opinion to a government unit's financial statements only if those statements, upon examination, are determined to be fairly presented in accordance with 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, 2005 CAFR for the seventeenth consecutive year. Reviewer grades were "proficient" in all eighteen 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 2006. 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 |
| 2006 | 47 | 8.5 |

Legend: ■ Pronouncements ◆ FTE's

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 measure of performance for our agency. Again, experience, training, planning, productivity, and optimum technology are essential elements that will enable State to continue to issue a timely CAFR.

## Statewide Accounting Services Division

**Goals:**

- Provide centralized accounting of the state's financial activities in accordance with the program structure mandated by the General Assembly.
- 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.
- Respond to public records requests for information within five working days.

**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.
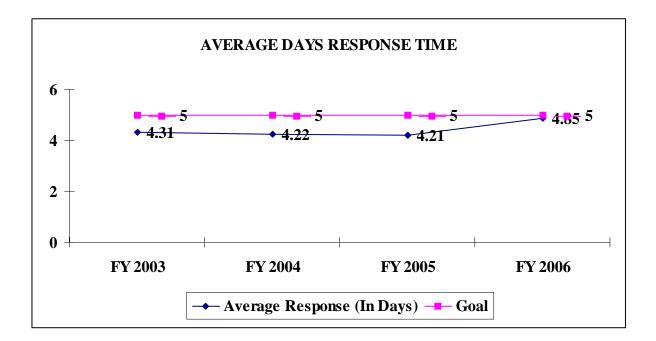
**Key Results:**

- Established a Chart of Accounts, prior to July 1, 2006, 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.
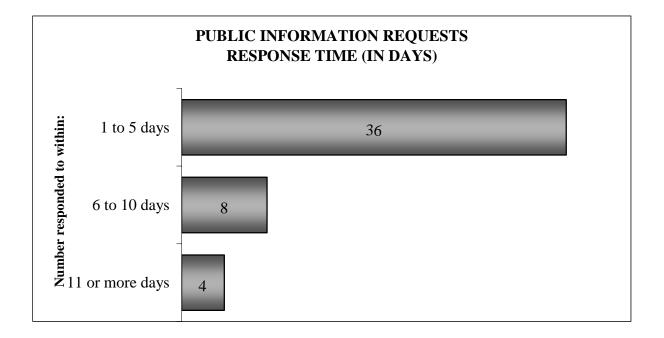
  **Benchmark**: The South Carolina Code of Laws, Title 11, Section 11-3-50 requires the Comptroller General's Office to account for all appropriations by the General Assembly.
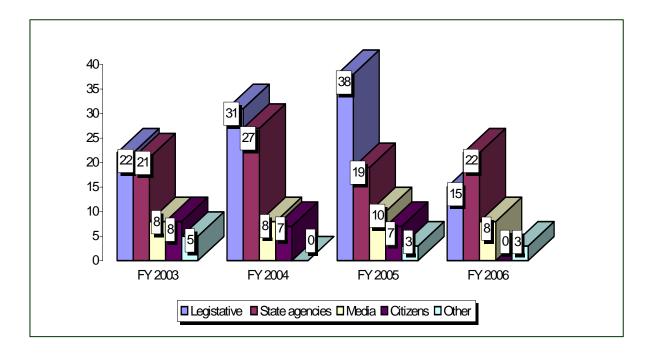
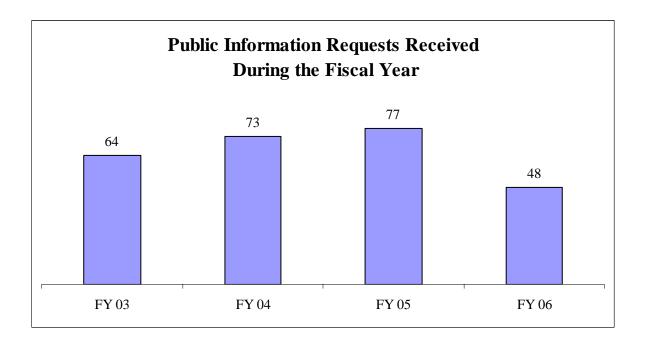- Responded to 48 public record requests within an average of 4.85 working days.

  **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**



Note: Although the number of public information requests received during the fiscal year decreased, the average response time increased due to the number of requests requiring more compilation than usual.

**PUBLIC INFORMATION REQUESTS RESPONSE TIME (IN DAYS)**

Legislative | State agencies | Media | Citizens | Other

FY 2003: 22, 21, 8, 8, 5
FY 2004: 31, 27, 8, 7, 0
FY 2005: 38, 19, 10, 7, 3
FY 2006: 15, 22, 8, 0, 3



**Public Information Requests Received
During the Fiscal Year**

FY 03: 64
FY 04: 73
FY 05: 77
FY 06: 48

## Administrative Services 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 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 55 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.

- Maintain the highest possible employee (internal customer) 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.
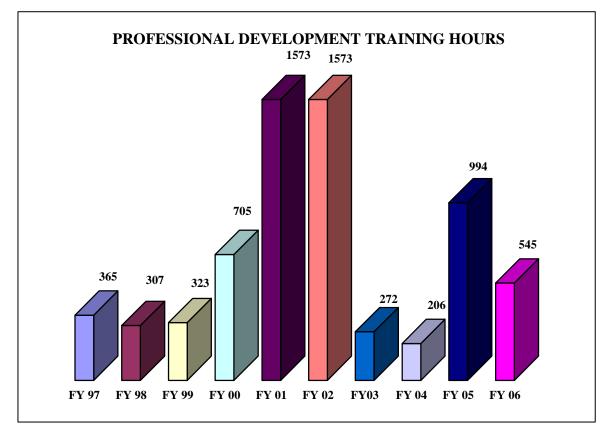
**Key Results:**

- Maintained and provided payroll and insurance benefits records for 55 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, 2005. No exceptions were found as a result of the procedures.

- Maintained employee payroll deduction files and purchased 9,626 U.S. Savings Bonds totaling $606,975 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 2006 Annual Appropriation Act requires the Comptroller General to distribute salary supplements to county officials.

- Provided 545 hours of professional development training for employees.

**PROFESSIONAL DEVELOPMENT TRAINING HOURS**

| FY 97 | FY 98 | FY 99 | FY 00 | FY 01 | FY 02 | FY03 | FY 04 | FY 05 | FY 06 |
|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| 365   | 307   | 323   | 705   | 1573  | 1573  | 272  | 206   | 994   | 545   |

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. The collaboration resulted in a significant savings and continues to be a successful annual event.  Three hundred forty four (344) of the 545 hours provided were related to developing and implementing the SCEIS.