

Legislative Oversight Committee

Staff Study of the
South Carolina Comptroller General's Office

August 4, 2015



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Key Dates and Actions of the Study Process

House Legislative Oversight Committee's Actions

- January 7- Approves seven-year study recommendations for the Speaker
- January 13 - Speaker approves seven-year study recommendations, and recommendations are published in the House Journal
- February 5 - Approves the priority of the study of the agency
- February 10 - Provides agency with notification about the start of its oversight study as well as the Speaker of the House, committee chairs in the House, members of the House, Clerk of the Senate, and Governor

Executive Subcommittee's Actions

- February 24 - Holds introductory meeting with the agency and receives overview of the agency from the agency head
- April 21 - Tours agency
- May 7 - Holds meeting with the agency head to discuss the scope of the oversight study

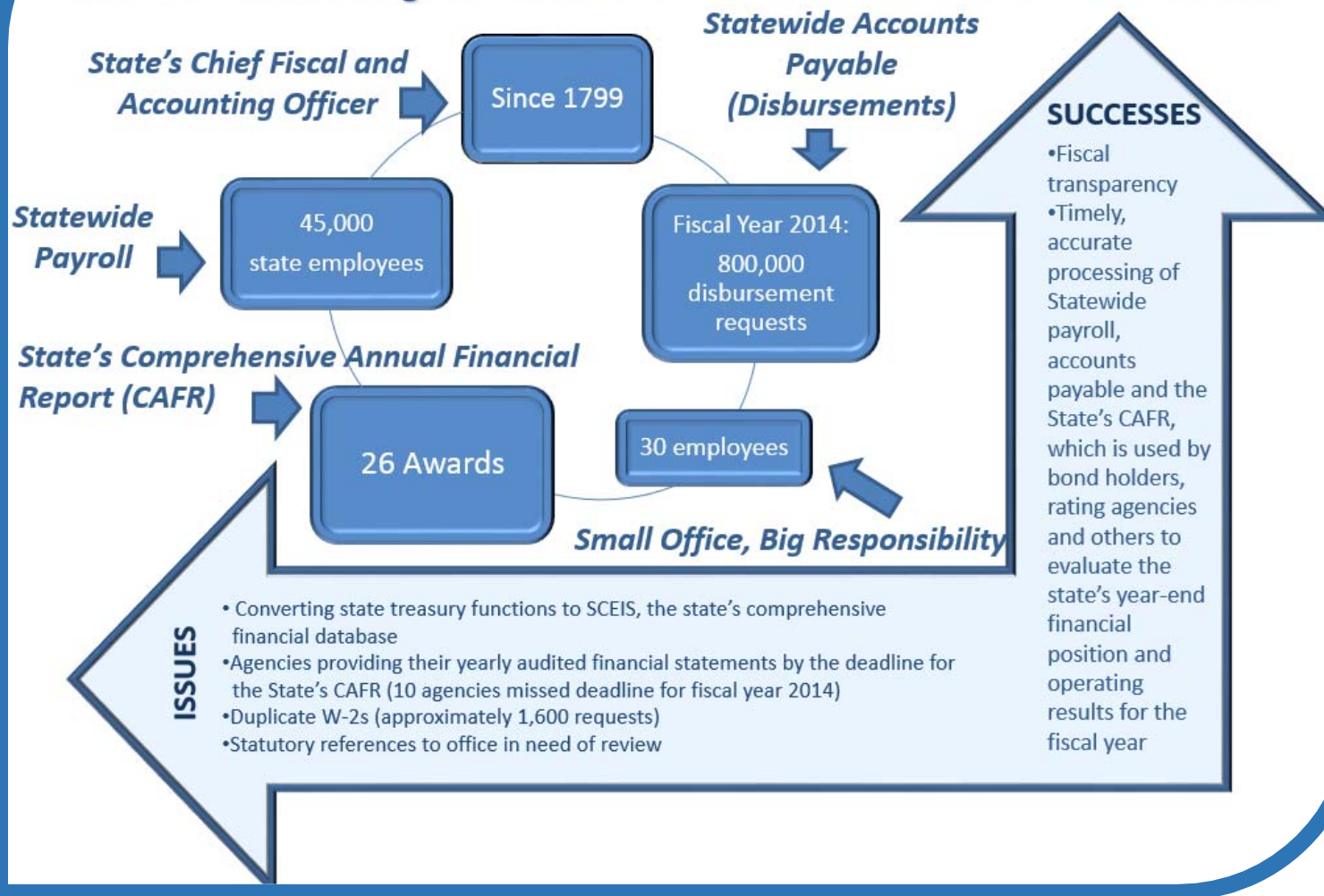
Comptroller General's Office's Actions

- March 31 - Submits its Restructuring and Seven-Year Plan Report to the Committee; reports having spent 101 hours to complete the process and 123 hours to complete the combined report
- May 22 - Submits its Program Evaluation Report to the Committee

Public's Actions

- May 1 - May 31 - Survey about agency is available online for the public to provide input (complete responses are available for review on the Oversight Committee's webpage on the General Assembly's website - www.scstatehouse.gov)
- Ongoing - Public may submit written comments on the Oversight Committee's webpage

S.C. Comptroller General's Office



Visual Summary Figure 1. Snapshot of the agency's history, responsibilities, successes, and issues¹

Visual Summary Table 2. Summary of agency's mission, vision, goals, and spending²

How Agency Uses Taxpayer Money

The agency's goals, which should be in line with the agency's mission and assist it in accomplishing its vision, are presented below. The goals are in order from largest to smallest, based on the percentage of the total money the agency spent towards the accomplishment of each. The data in this table **highlight how the agency is investing the money it receives** from the people of the state. Further details about the amounts spent on the individual objectives within each goal as well as the **performance measures, which should show the return the state is receiving on its investment**, are provided on pages 19-27.

Mission: "To provide services to state agencies and departments for payroll, vendor payment processing and accounting support [and to c]ontinuously review and improve payroll, vendor payment processing and accounting support for state government to better safeguard resources and better serve the State as a whole."³

Vision: "To be recognized as state government's central source for useful financial data that leads to more open and accountable government."⁴

Goal	Description	\$ Spent on Goal			
		2013-14		2014-15 (as of 3/30/15)	
		% of total ⁵	Amount Spent	% of total	Amount Spent
Goal 1	Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31%	\$1,021,992	33.87%	\$797,332
Goal 2	Produce the State's comprehensive annual financial report (CAFR) on a timely basis	18.98%	\$549,255	19.52%	\$459,530
Goal 5	To effectively manage the divisions, programs, and overall operation of the Comptroller General's Office and to participate in and support other statewide initiatives	16.91%	\$489,343	18.90%	\$444,861
Goal 3	Provide centralized accounting of the State's financial activities in accordance with the program structure mandated by the General Assembly	17.21%	\$498,066	15.35%	\$361,448
Goal 4	To serve citizens and state government by providing financial and other information that promotes openness and accountability in government and by supporting other worthwhile endeavors	11.60%	\$335,871	12.37%	\$291,186

Summary of Recommendations: Opportunities to Continuously Improve

The agency's mission states, in part, "Continuously...improve...processing and accounting support for state government to better safeguard resources and better serve the State as a whole."⁶ Opportunities to assist the agency in accomplishing this mission as effectively and efficiently as possible include:

Agency Recommendations*

Head of Agency (these would require state constitutional amendments)

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

Eliminate Duplication

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

Additional Personnel, Expanded Training and Career Development

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

Streamlining Processes

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

Discussion of Laws

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

Committee Staff Recommendations

Ensuring Agency is Proactive

- Determine if or how the agency quantifies, categorizes, and ranks causes of errors and delays and how this information is, or could be, utilized to proactively attempt to prevent the errors and delays early on in the process

How Agency Measures Performance

- Examine balance between the agency's resources and expectations of its customers and stakeholders
- Obtain explanations for each of the agency's performance measure targets
- Ascertain agency's measure of specific goals and data related to workforce engagement initiatives

Best Practices

- Discuss best practices with SCEIS, the state's comprehensive financial database

Discussion of Laws

- Analyze potential elimination or revision of laws pertaining to the agency

*Note: The Committee specifically requested recommendations from the agency. (SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 18-21.)

LEGISLATIVE OVERSIGHT - OVERVIEW

Foundation

The **South Carolina State Constitution** requires the General Assembly to provide for appropriate agencies in the areas of health, welfare, and safety and to determine their activities, powers, and duties.⁷ Stated **public policy** provides that this “continuing and ongoing obligation of the General Assembly is best addressed by periodic review of the programs of the agencies and their responsiveness to the needs of the state's citizens. . . .”⁸ The periodic reviews are accomplished through the legislative oversight process.⁹ Specific statutes relating to legislative oversight are included in South Carolina Code of Laws Section 2-2-5 *et seq.*¹⁰

Purpose and Schedule

The stated **purpose of legislative oversight** is to determine if agency laws and programs are being implemented and carried out in accordance with the intent of the South Carolina General Assembly and whether or not they should be continued, curtailed, or even eliminated.¹¹ The South Carolina House of Representatives’ Legislative Oversight Committee (“House Oversight Committee” or “Committee”) recognizes that a legislative oversight study informs the public about an agency.¹² To accomplish legislative oversight, the specific task of the Committee is to conduct a study on each agency at least once every seven years.¹³ To guide the work of the Committee in completing its task, a **seven-year study schedule** is published in the House Journal the first day of each legislative session.¹⁴

Information Considered

Oversight **studies must consider**: (1) the application, administration, execution, and effectiveness of **laws and programs**; (2) the **organization and operation of agencies**; and (3) any conditions or circumstances that may indicate the **necessity or desirability of enacting new or additional legislation**.¹⁵ **Evidence or information relating to a study may be acquired by any lawful means**, including: serving a request for information on an agency; deposing witnesses; issuing subpoenas that require the production of documents; and, with certain exceptions, requiring the agency to prepare and submit a program evaluation report by a specified date.¹⁶ Testimony given to the investigating committee must be under oath.¹⁷ All witnesses are entitled to counsel, and they shall be given the benefit of any privilege which they may claim in court as a party to a civil action.¹⁸ Certain criminal provisions are applicable during the legislative oversight process, including contempt of the General Assembly.¹⁹ Joint investigations with the South Carolina Senate (“Senate”) or with other committees in the South Carolina House of Representatives (“House”) are authorized.²⁰

AGENCY STUDY - ACTIONS

House Oversight Committee's Actions

On January 7, 2015, the House Oversight Committee approved a proposed seven-year study schedule for the Speaker of the House.²¹ The Speaker approved the Committee's recommendations, which were then published in the House Journal on January 13, 2015.²² The Comptroller General's Office is an agency subject to legislative oversight.²³ The **Committee approved the Comptroller General's Office ("agency") as the first state agency to be studied** on February 5, 2015.²⁴

The **Committee notified the agency** about the study on February 10, 2015. As the Committee encourages **collaboration in its legislative oversight process**, the Speaker, standing committee chairs in the House, members of the House, Clerk of the Senate, and Governor were also notified about the agency study.

Subcommittee Studying the Agency

The **Executive Subcommittee ("Subcommittee") of the House Oversight Committee is studying the agency**. The chair of the Subcommittee is the Honorable Joshua Putnam; other members include: the Honorable Laurie Slade Funderburk, the Honorable Wm. Weston J. Newton, and the Honorable Robert Q. Williams.²⁵

Meetings with the Agency

At this point in the process, the **Subcommittee has met with the agency on three occasions**. State Comptroller General Richard Eckstrom, CPA, ("agency head") provided the Subcommittee with a brief overview of the agency during an introductory meeting on February 24, 2015.²⁶ The Subcommittee toured the agency's facilities on April 21, 2015, and on May 7, 2015, the Subcommittee met with the agency to discuss the scope of the study.²⁷

Information from the Public

From May 1, 2015, until May 31, 2015, the Committee posted an **online survey to solicit comments from the public about the Comptroller General's Office** and other agencies. There were 1,788 responses to the survey, with at least one response coming from each of the 46 South Carolina counties.²⁸ These comments are not considered testimony.²⁹ As noted in the survey, "input and observations from those citizens who [chose] to provide responses are very important . . . because they may help direct the Committee to potential areas for improvement with these agencies."³⁰ The **public may continue to submit written comments about agencies online**.³¹

Information from the Agency

The **Committee asked the agency to conduct a self-analysis** by requiring it to complete and submit a Restructuring Report, Seven-Year Plan for cost savings and increased efficiencies, and Program Evaluation Report. The agency submitted its Restructuring Report and Seven-Year Plan, which were combined into a single report this year, on March 31, 2015.³² The agency reported spending 101 hours to complete the process and 123 hours to complete the combined report.³³ The agency submitted its Program Evaluation Report on May 22, 2015.³⁴ Both reports are available online.³⁵

Committee Staff's Actions

Committee staff obtain, review, and provide highlights of relevant information in the staff study.³⁶

Relevant information may include: an agency restructuring report; an agency seven-year plan for cost savings and increased efficiencies; an agency program evaluation report; another submission to a legislative or executive entity, such as an agency accountability report; comments from the public concerning the agency; any information submitted by a legislative standing committee in the House of Representatives; and any information submitted by individual Members of the House.

Committee staff may also make recommendations to the Subcommittee based on the staff study.³⁷ **The Subcommittee may follow some, all, or none of the staff's recommendations and conduct any further study it desires.** The staff study is intended for the internal use and benefit of Members of the House, and it does not reflect the views of the House, House Oversight Committee, or any subcommittees.³⁸

Next Steps

The staff study **will be shared with the agency.**³⁹ The agency has the option to provide a written response within ten business days for inclusion in the study.⁴⁰ **This staff study, and any agency response, will be shared with the Subcommittee** and legislative standing committees in the House of Representatives that share subject matter jurisdiction.⁴¹

The **Subcommittee may review the staff study and, if one has been submitted, the agency's written response in order to determine what other tools of legislative oversight should be used** to evaluate (1) the application, administration, execution, and effectiveness of the agency's laws and programs, (2) the organization and operation of the agency, and (3) any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.⁴²

AGENCY STUDY - INFORMATION HIGHLIGHTS

Agency Organization and Operation

History

An office of "Comptroller of the Revenue and Finances of the State" was established by the legislature in 1799.⁴³ South Carolina is one of only 14 states that elect, rather than appoint, the public official who performs this function. **Comptroller General Richard A. Eckstrom serves as the State's 41st comptroller.**

Organization Structure

The Comptroller General is elected by the citizens of South Carolina for a term of four years, and there are no laws that require nor prohibit any particular type of organizational structure for the agency.⁴⁴ A South Carolina Legislative Audit Council review of the Office in 1997 did not identify any major operational problems in the agency.⁴⁵ At that time, the agency was authorized to have 91 full-time employees.⁴⁶ The size of the agency has decreased over the years. In fiscal year 2014-15, the agency was authorized to have 39 full-time employees, and actually employed approximately 30.⁴⁷

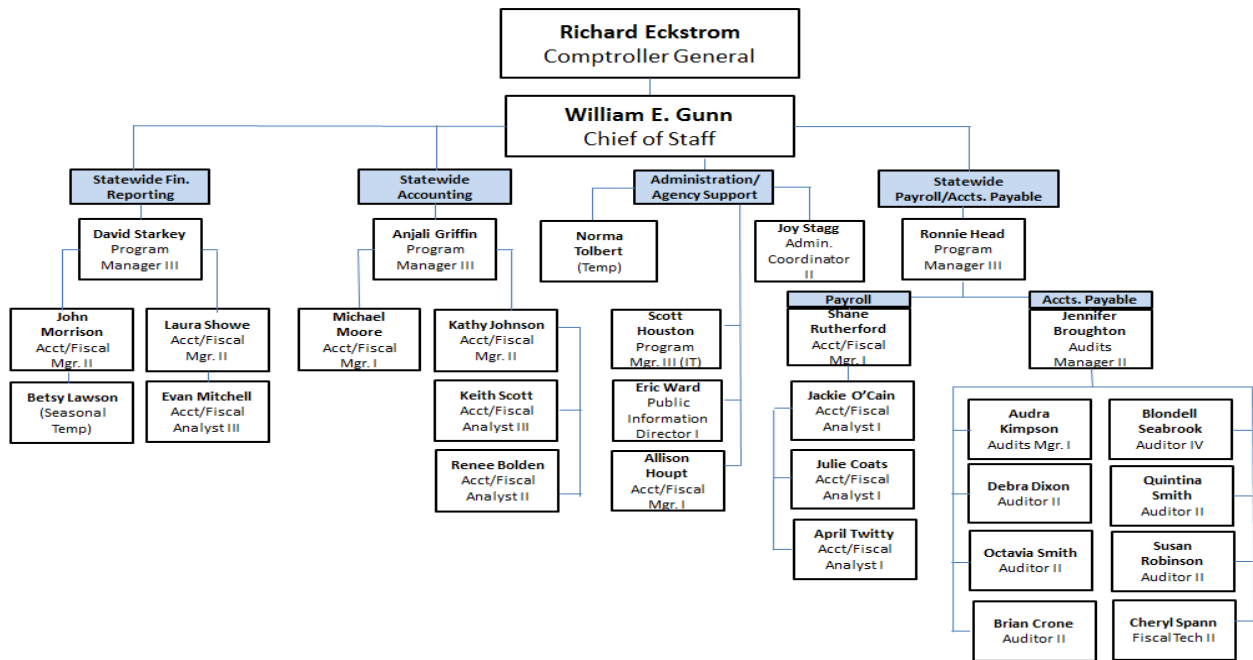


Figure 2.1. Organizational structure provided by the agency⁴⁸

Trends in authorized full-time equivalent positions (FTEs) at the agency over the past ten years are summarized in Figure 2.2.⁴⁹



Figure 2.2: Authorized FTEs for the past ten years⁵⁰

Public Comments about the Agency

In the Committee's recent public survey, more people chose not to provide input about this agency than chose to do so.⁵¹ Notably, 1,170 survey participants skipped the question asking their current opinion of the office.⁵² Of the 82 survey participants that provided written comments about the agency, a total of 28.04% (23) indicated they were either not familiar with the agency (11) or stated they had no comments

about the agency (12).⁵³ The **complete responses can be found online**.⁵⁴ The agency head has testified that he is aware many citizens are not familiar with the duties of the agency.⁵⁵

Responsibilities

The agency's website describes the Comptroller General as the **"State's top accountant and chief fiscal watchdog."**⁵⁶ Other agencies whose duties similarly involve financial data include, but are not limited to, the Treasurer's Office and the Office of the State Auditor.⁵⁷

In its Restructuring and Seven-Year Plan Report, the agency was asked to provide its purpose and mission. The agency states its **purpose** is "[t]o provide centralized payroll, vendor payment processing and financial accounting services to all branches of State government and to prepare financial statements and reports that meet the budget structure mandated by the General Assembly, Generally Accepted Accounting Principles (GAAP), and the prescribed standards of the Governmental Accounting Standards Board."⁵⁸ The agency states its **mission** is "[t]o provide services to state agencies and departments for payroll, vendor payment processing and accounting support [and to c]ontinuously review and improve payroll, vendor payment processing and accounting support for state government to better safeguard resources and better serve the State as a whole."⁵⁹ The legal foundations for the agency's purpose and mission are found in statute.⁶⁰

Additionally, in its Restructuring and Seven-Year Plan Report, the agency was asked to provide its vision. The agency states its **vision** is "[t]o be recognized as state government's central source for useful financial data that leads to more open and accountable government."⁶¹

Tasks for which the agency states it has a responsibility include:

- Processing **payroll** for approximately 45,000 state employees on the 1st and 16th of each month;
- **Withholding and remitting approximately 32,000 voluntary deductions, tax liens, and court ordered deductions** that are remitted to approximately 50 vendors each pay period;
- Issuing annual **W-2 tax filing forms** for approximately 50,000 current or former state employees;
- Handling **statewide accounts payable** (disbursements);
- Issuing **1099 tax filings forms** to approximately 9,000 vendors;
- **Closing the State's books and reporting financial results at year-end**;
- Producing the **State's Comprehensive Annual Financial Report (CAFR)**, which is used by bondholders, rating agencies, and others to evaluate the state's year-end financial position and operating results for the fiscal year, among other reports;
- Operating and maintaining a **statewide fiscal transparency website**;
- **Distributing to counties revenue from pollution and water control fines** issued within their jurisdictions by the Department of Health and Environmental Control;
- **Monitoring state agencies' financial activities** to ensure compliance with the annual appropriations act and state laws;
- Administering and promoting the **State's purchasing-card program**;
- Administering the state employee unemployment compensation fund; and
- Providing **accounting and financial reporting assistance to state agencies and others**, such as state-supported colleges and universities and local government entities.⁶²

In addition to these responsibilities, the Comptroller General serves as a **member of the State Fiscal Accountability Authority**.

Table 4. Services and products the agency states it has a responsibility to provide⁶³

Public	<ul style="list-style-type: none"> • Operate and maintain the fiscal transparency website • Produce and distribute reports, including state government's comprehensive annual financial report (CAFR) • Respond to open-records and other information requests
Vendors	<ul style="list-style-type: none"> • Process vendor payments and other disbursement requests from state agencies • Issue 1099 tax filings forms to vendors
State Employees	<ul style="list-style-type: none"> • Process payroll for state employees, including members of the General Assembly • Process and issue deduction disbursements • Issue W-2 tax filing forms to current or former state employees
Agencies	<ul style="list-style-type: none"> • Monitor state agencies' financial activities to ensure compliance with the annual appropriations act and state law • Close the state's books and report its financial results at fiscal year-end • Administer and promote the state's purchasing-card program • Administer the state employee unemployment compensation fund • Provide accounting and financial reporting assistance to state agencies, state-supported colleges and universities, and local government entities • Distribute to counties revenue from pollution and water quality fines issued within their jurisdictions by the Department of Health and Environmental Control

Relationships

The agency reports having various **partners, customers, and stakeholders**, as they are defined in Figure 3. Table 5 summarizes information provided by the agency about these relationships.⁶⁴ The agency may have more than one relationship with the same entity. For example, the State Treasurer's Office is listed as a partner, customer, and stakeholder.

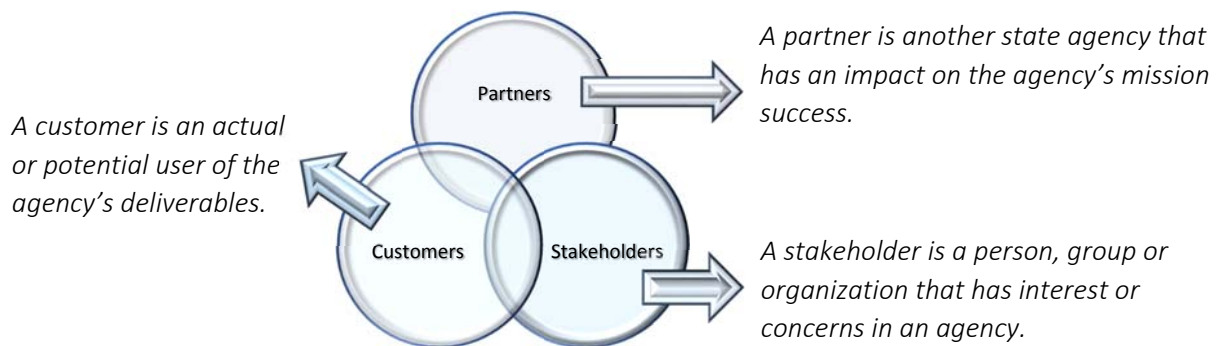


Figure 3. Partners, customers, and stakeholders defined⁶⁵

Table 5. Agency's partners, customers, and stakeholders⁶⁶

Entity	Partner	Customer	Stakeholder
SC Enterprise Information System (SCEIS) Team	✓		
State Treasurer's Office	✓	✓	✓
Division of Technology Operations	✓		
Public Employee Benefit Authority	✓	✓	✓
SC Department of Revenue	✓	✓	✓
Board of Economic Advisors	✓		✓
State Vendors		✓	✓
State Officials		✓	✓
Citizens		✓	✓
State Employees		✓	✓
News Media		✓	✓
State Agencies and State Supported Colleges and Universities	✓	✓	✓
SC Judicial Department		✓	✓
SC Department of Health and Environmental Control		✓	✓
Local Government Entities		✓	✓
Credit Rating Agencies		✓	✓
Public School Districts		✓	✓
Accounting firms		✓	✓
Internal Revenue Service			✓
Voters			✓
Members of the General Assembly	✓	✓	✓
SC Interactive LLC			✓
SC Retirement System Investment Commission			✓
Budget and Control Board/State Fiscal Accountability Authority			✓
SC Tobacco Settlement Revenue Management Authority			✓
State Education Assistance Authority			✓
SC Resources Authority			✓
SC Water Quality Revolving Fund Authority			✓
Investors in state bonds		✓	
Legal counsel for state bond issuances		✓	✓
Governmental Accounting Standards Boards (GASB)			✓
National Association of State Comptrollers			✓

Agency's Funding and Strategic Plan

This agency completes an Accountability Report each year.⁶⁷ The report provides information about the agency's **strategic plan** (i.e. business plan, roadmap to success, etc.) and its **performance measures** (i.e. how the agency determines if it is successful or making progress in its plan). Building upon this information, the Committee's oversight reports asked the agency for additional information about **all sources of funding** and the **amount the agency is actually spending to achieve each portion of its plan**.

Source of Funding

Historical information about the agency's budget levels over the past ten years is provided in Table 6, and Figure 4 includes information about agency budget levels from the same period. Information about all sources of funding for the agency during the past two years, and anticipated funding for this coming year, is provided in Table 7.

Table 6. Agency budget levels for the past ten years⁶⁸

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Total Agency Budget	\$4,708,789	\$4,989,352	\$4,914,573	\$3,583,601 (\$4,428,822 - Mid-Year Reduction of \$845,221 ⁶⁹)	\$3,175,293 (\$3,198,663 - Mid-Year Reduction of \$23,370 ⁷⁰)
Increase or Decrease/year		+5.9%	-1.4%	-27.0%	-11.3%
Increase or Decrease since fiscal year 2005-06		+5.9%	+4.37%	-23.8%	-32.5%

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Total Agency Budget	\$2,931,105	\$2,832,488	\$2,855,196	\$2,949,269	\$2,966,285
Increase or Decrease/year	-8.3%	-3.3%	+0.8%	+3.2%	+0.5%
Increase or Decrease since fiscal year 2005-06	-37.7%	-39.8%	-39.3%	-37.3%	-37.0%

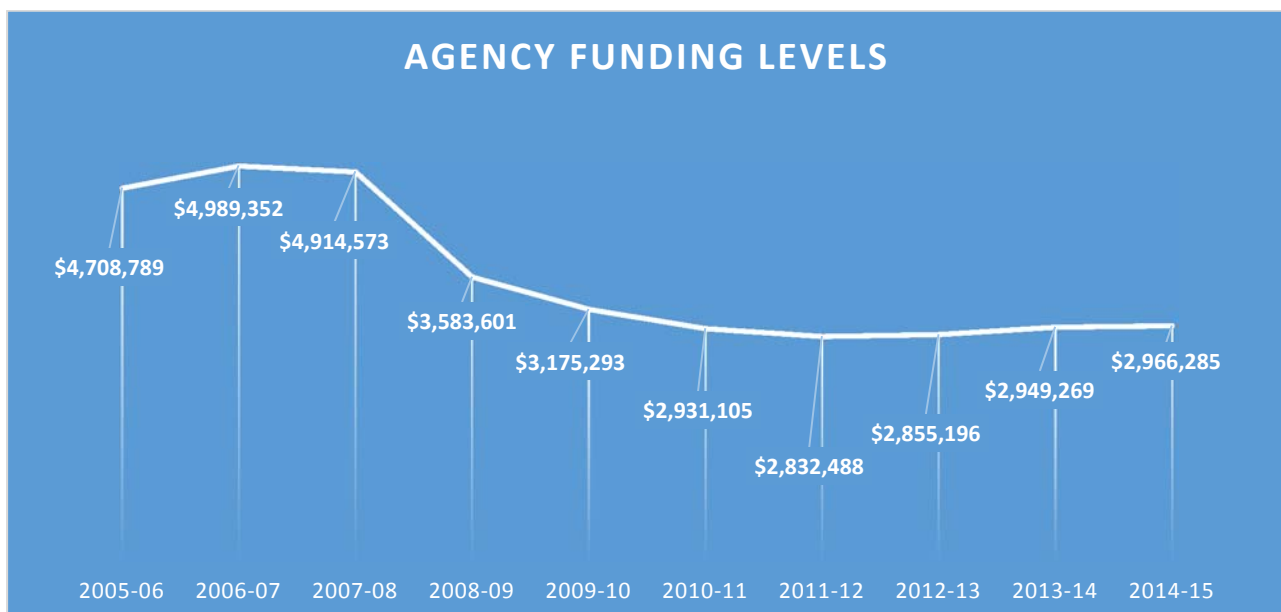


Figure 4. Agency funding levels for the past ten years⁷¹

Table 7 lists **sources of funding the agency reported for fiscal year 2013-14, fiscal year 2014-15, and anticipated funding sources for fiscal year 2015-16.** Examples of potential funding sources include: foundations; non-profits; the General Assembly; the federal government; grants; sales; fines; outside contracts; interest from bank accounts; and holding-restricted, or any other type of funds, etc. Based on the information provided by the agency, all the agency has available to spend comes from funds appropriated by the General Assembly.

Table 7. Agency funding and sources for fiscal year 2013-14 through fiscal year 2015-16

Fiscal Year	Funding Source	Amount Available	Restrictions on use of funds (List any restrictions; If no restrictions, type "None")
2013 - 14	General	\$2,169,269	None
2013 - 14	Other	\$780,000	200,000 Restricted to Cost Recovery*
2014 - 15	General	\$2,243,862	None
2014 - 15	Other	\$780,000	200,000 Restricted to Cost Recovery*
2015 - 16	General	\$2,243,862	None
2015 - 16	Other	\$780,000	200,000 Restricted to Cost Recovery*

*Unemployment Compensation Fund Administration

Agency's Strategic Plan, Taxpayer Investment, and Agency Performance

On the following pages is condensed information about the agency's strategic plan.⁷²

A review of some key **definitions from the 2014-15 Accountability Report Guidelines (Accountability Report Guidelines)** may be helpful in understanding the information relating to a strategic plan. As defined in the Accountability Report Guidelines, a **Goal (G)** is "[a] broad expression of a central, strategic priority for an agency; a statement of what the agency hopes to achieve - typically in the long-term - that is qualitative in nature. At the highest level, each agency's goals should logically and naturally derive from the agency's mission statement. They should also be clearly connected to state government's overarching responsibilities in fields ranging from education and economic development to transportation and public safety."⁷³ As defined in the Accountability Report Guidelines, a **Strategy (S)** is "[a] concise statement of a high-level approach an agency is taking in pursuit of a goal. It is a descriptive, complex action comprised of multiple action steps. Starts with action verbs like develop, design, establish, enhance, implement, etc. Includes completed details for budget, staffing, IT, marketing campaign and facility implications."⁷⁴ As defined in the Accountability Report Guidelines, an **Objective (O)** is "[a] specific, measurable and achievable description of an effort that the agency is actively implementing over a defined period of time as part of a broader strategy to meet a certain goal."⁷⁵

Other helpful definitions are:

- **\$ Spent on Goal or Objective:** These figures are taken from the "Grand Total" column of the agency's Strategic Investment Chart of the Program Evaluation Report. The chart asked the agency to list its expenditures in these years that were related to accomplishment of each objective.
- **How Agency Measures Its Performance:** This information is obtained by matching the Associated Objectives and Performance Measures in the Performance Measures Status Chart of the Program Evaluation Report.⁷⁶

Condensed Details of the Agency's Strategic Plan

Tables 8.1, 8.2 and 9 provide condensed details about the agency's strategic plan. Specifically, Table 8.1 lists the agency's goals in order from largest to smallest based on the percentage of total money the agency spent toward each goal. Table 8.2 lists the objectives upon which the agency spent the largest, second largest, and smallest percentage of total money. The goal totals were calculated by adding together the total spent for each objective within a goal.

Table 8.1. Agency's goals in order from largest to smallest based on the percentage of total money the agency spent toward each goal⁷⁷

Goal	Description	\$ Spent on Goal			
		2013-14		2014-15 (as of 3/30/15)	
		% of total ⁷⁸	Amount Spent	% of total	Amount Spent
Goal 1	Verify the validity and legality of vendor payment requests by state agencies and process statewide payroll accurately and timely	35.31%	\$1,021,992	33.87%	\$797,332
Goal 2	Produce the State's comprehensive annual financial report (CAFR) on a timely basis	18.98%	\$549,255	19.52%	\$459,530
Goal 5	To effectively manage the divisions, programs, and overall operation of the Comptroller General's Office and to participate in and support other statewide initiatives	16.91%	\$489,343	18.90%	\$444,861
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Goal 4	To serve citizens and state government by providing financial and other information that promotes openness and accountability in government and by supporting other worthwhile endeavors	11.60%	\$335,871	12.37%	\$291,186

Table 8.2. Agency's objectives on which were spent the largest, second largest, and smallest percentage of total money toward accomplishing⁷⁹

Objective	Description	\$ Spent on Objective			
		2013-14		2014-15 (as of 3/30/15)	
		% of total ⁸⁰	Amount Spent	% of total	Amount Spent
Objective (O2.1.1)	Publicly release the CAFR by December 31st each year	11.39%	\$329,553	11.71%	\$275,718
Objective (O1.1.1)	Process disbursement requests by agencies within four (4) business days	8.83%	\$255,498	8.47%	\$199,333
Objective (O1.3.1)	Process payroll on the 1st and 16th of each month	8.83%	\$255,498	8.47%	\$199,333
Objective (O5.2.4)	Conduct timely exit interviews for all departing agency personnel and ascertain ways to reduce unwanted turnover of employees	0.85%	\$24,465	0.94%	\$22,244

Table 9. Summary of the agency's goals, strategies and objectives; taxpayer money spent; associated agency programs; and ways in which the agency measures its performance.⁸¹
Note: Whether the agency reached its target performance is reported by the agency.

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

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<u>G</u>	<u>S</u>	<u>O</u>	Goals, Strategies and Objectives <u>Description</u>	% of Total Spending		Outcome	
				<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
		Strategy 1.3	Process semi-monthly payroll in a timely manner			Compliance with state statutory and regulatory requirements for approximately 45,000 state employees	
		Objective 1.3.1 (tied for 2nd highest spent on an objective)	Process payroll on the 1st and 16th of each month	8.83% \$255,498	8.47% \$199,333	Compliance with state statutory and regulatory requirements for approximately 45,000 state employees	Assoc. Agency Programs Statewide Accounts Payable/Payroll
			How agency measures its performance:	Issue statewide semi-monthly payroll and remit all withholdings by next day (accomplished in 2013-14 and 2014-15)			
		Objective 1.3.2	Process approx. 32,000 special voluntary deductions for state employees each payroll, including premiums for insurance products not offered by state government, elective credit union deposits, withholdings for voluntary defined contribution retirement plans, tax liens, and court-ordered wage garnishments.	5.30% \$153,299	5.08% \$119,600	Assist state employees and vendors by processing these employee-requested or court-mandated transactions.	Assoc. Agency Programs Statewide Accounts Payable/Payroll
			How agency measures its performance:	Remit to vendors the voluntary deductions made by state employees after each payroll (accomplished in 2013-14 and 2014-15)			
		Strategy 1.4	Issue annual W-2s in a timely manner			Compliance with Internal Revenue Service requirements and expeditious provision of required tax filing information to approximately 50,000 current or former state employees	
		Objective 1.4.1	Issue W-2s by Jan. 31 annually	7.06% \$204,398	6.77% \$159,467	Compliance with Internal Revenue Service requirements	Assoc. Agency Programs Statewide Accounts Payable/Payroll
			How agency measures its performance:	Issue all W-2's by 01/31 each year (accomplished in 2013-14 and 2014-15)			
		Strategy 1.5	Assist agencies by responding to tickets we receive from the SCEIS Help Desk relating to agencies' questions about vendor payments and payroll processing			Accurate and efficient use of SCEIS by agencies	
		Objective 1.5.1	Clear SCEIS Help Desk tickets in a timely manner	1.77% \$51,100	1.69% \$39,866	Accurate and efficient use of SCEIS by agencies	Assoc. Agency Programs Statewide Accounts Payable/Payroll
			How agency measures its performance:	Annual avg. # of days to resolve SCEIS Help Desk tickets initiated by agencies (1.5 in 2013-14; Target in 2014-15 is 5 days; 2.7 as of 4/30/15; Target met)			

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<u>G</u>	<u>S</u>	<u>O</u>	Goals, Strategies and Objectives <u>Description</u>	% of Total Spending <u>2013-14</u>	<u>2014-15</u>	Outcome (Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
Goal 2			Produce the State's comprehensive annual financial report (CAFR) on a timely basis	18.98% \$549,255	19.52% \$459,530	Accountable, efficient, timely operation of the agency's Statewide Financial Reporting Division (program area)	
Strategy 2.1			Produce the CAFR in accordance with generally accepted accounting principles and all Governmental Accounting Standards Board requirements			Compliance with federal and state requirements	
Objective 2.1.1 (highest % spent on an objective)			Publicly release the CAFR by Dec. 31 each year	11.39% \$329,553	11.71% \$275,718	Provision of timely, accurate state financial information to the General Assembly, bond rating agencies, investors in state bonds, citizens and other stakeholders	Assoc. Agency Programs Statewide Financial Reporting
			How agency measures its performance:	CAFR annual completion/release date (2/14/14 in 2013-14; Target in 2014-15 is by Dec. 31; 12/22/14 in 2014-15; Target met)			
Objective 2.1.2			Qualify for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association	2.85% \$82,388	2.93% \$68,929	Recognition of the state's CAFR as an exemplary financial report	Assoc. Agency Programs Statewide Financial Reporting
			How agency measures its performance:	CAFR awarded "Certificate of Achievement for Excellence in Financial Reporting" by GFOA (one year lag in awarding) (accomplished in 2013-14 and 2014-15)			
Strategy 2.2			Acquire new CAFR software			Acceleration of CAFR production	
Objective 2.2.1			Accelerate the agency's financial reporting and CAFR completion processes, saving additional personnel costs in the process	4.74% \$137,314	4.88% \$114,883	Extraction of financial information in a more efficient and timely process	Assoc. Agency Programs Statewide Financial Reporting
			How agency measures its performance:	CAFR issuance date earlier in current year than in prior year (113 days faster in 2013-14; Target in 2014-15 is faster than previous year; 54 days faster in 2014-15; Target met)			

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G	S	O	Goals, Strategies and Objectives	% of Total Spending		Outcome	
			Description	2013-14	2014-15	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
Goal 3			Provide centralized accounting of the State's financial activities in accordance with the program structure mandated by the S.C. General Assembly	17.21% \$498,066	15.35% \$361,448	Accountable, efficient, timely operation of the agency's Statewide Accounting Division (program area)	
Strategy 3.1			Provide timely accounting support to other state agencies as requested or upon finding any incorrectly entered daily accounting transactions		Compliance with state statutory, regulatory and budget requirements and accurate operation of the state accounting system(s)		
Objective 3.1.1			Produce and maintain an up-to-date online manual of SCEIS accounting practices and procedures	4.30% \$124,517	3.84% \$90,362	Greater efficiency in operating the state accounting system	Assoc. Agency Programs Statewide Accounting
			How agency measures its performance:	CGO's Statewide Accounting Policies and Procedures manual is reviewed and updated annually and posted on CGO website (accomplished in 2013-14 and 2014-15)			
Objective 3.1.2			Provide online Closing Packages with instructions for use by other agencies' accounting personnel at year end	3.44% \$99,613	3.07% \$72,289	Greater efficiency in operating the state accounting system	Assoc. Agency Programs Statewide Accounting
			How agency measures its performance:	Closing Package templates and year-end GAAP reporting guidance/instructions for agencies are updated annually and posted on CGO website (accomplished in 2013-14 and 2014-15)			
Objective 3.1.3			Ensure agreement of transactions posted in SCEIS and in STARS	2.58% \$74,710	2.30% \$54,217	Accurate, consistent data in both the state's current and legacy accounting programs	Assoc. Agency Programs Statewide Accounting
			How agency measures its performance:	Daily and monthly reconciliations of SCEIS and STARS performed until STARS is finally retired (Note: It is imperative to retire STARS ASAP--see Objective 5.3.1) (accomplished in 2013-14 and 2014-15)			
Objective 3.1.4			Assemble multi-agency working group monthly to analyze the state's fiscal month and fiscal year-to-date revenue collections to determine accuracy and completeness	2.58% \$74,710	2.30% \$54,217	Provides BEA greater confidence in monthly revenues being recorded by state agencies and used to forecast revenues for the legislative budget process	Assoc. Agency Programs Statewide Accounting
			How agency measures its performance:	Multi-agency Working Group meets with CGO executive management each month to analyze monthly and YTD General Fund revenues recorded by agencies (accomplished in 2013-14 and 2014-15)			

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<u>G</u>	<u>S</u>	<u>O</u>	Goals, Strategies and Objectives		% of Total Spending		Outcome	
			<u>Description</u>		<u>2013-14</u>	<u>2014-15</u>	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
		Strategy 3.2	Improve competency of accounting personnel throughout state government by offering relevant and low-cost training				Increase the quality of accounting functions in state government	
		Objective 3.2.1	Coordinate providing low-cost "Continuing Professional Education" (CPE) training among <u>CPAs</u> in CG's Office, State Auditor's Office, and State Treasurer's Office (Note: LLR requires every CPA to complete 40 hrs. of CPE annually as a condition of retaining professional certification. This training initiative helps state government CPAs meet that costly requirement.)		1.72% \$49,806	1.54% \$36,146	Provides a better trained workforce	<u>Assoc. Agency Programs</u> Statewide Accounting
			How agency measures its performance:	Coordinated annual CPE training session hours offered to CPA's in own and other agencies (SAO, STO, PEBA, DOR); each yr. offer no fewer training hours/CPA than prior yr. (4 hours of CPE for 16 CPAs in 2013-14; 6 hours of CPE for 39 CPAs as of 4/30/15)				
		Strategy 3.3	Administer state government's Unemployment Compensation Fund for State employees				Protects state employees in event of lost employment	
		Objective 3.3.1	Determine appropriate annual premiums to bill and collect from state agencies, and account for claims paid by third-party administrator		2.58% \$74,710	2.30% \$54,217	Protects state employees in event of lost employment	<u>Assoc. Agency Programs</u> Statewide Accounting
			How agency measures its performance:	Activity monitored and managed throughout year to assure that adequate fund balance is maintained (accomplished in 2013-14 and 2014-15)				

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G	S	O	Goals, Strategies and Objectives Description	% of Total Spending		Outcome	
				2013-14	2014-15	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
Goal 4			To serve citizens and state government by providing financial and other information that promotes openness and accountability in government and by supporting other worthwhile endeavors	11.60% \$335,871	12.37% \$291,186	Accountable, efficient, timely provision of the agency's Other Services (program area)	
Strategy 4.1			Meet or exceed all statutory requirement for information disclosure			Compliance with state law and provision of public information in a timely manner	
Objective 4.1.1			Respond to S.C. Freedom of Information Act (FOIA) requests within an average of 10 or fewer business days	3.48% \$100,762	3.71% \$87,354	Provision of timely public information produces customer satisfaction and increases trust in government	<u>Assoc. Agency Programs</u> Other Services (SFAA Service; Transparency Website, FOIA Compliance, P-Card Oversight, SCEIS Executive Oversight Committee, CAFR Review, & Other Special Reports)
			How agency measures its performance:	Annual avg. # of days to respond to FOIA requests (2 days (106 requests) in 2013-14; Target for 2014-15 is 5 days; 2 days (108 requests) as of 4/30/15; Target met)			
Strategy 4.2			Provide citizens financial information in a convenient, understandable, and interesting manner			Make more public information readily available online that is useful and user-friendly for the General Assembly, citizens, the media, and any other stakeholder	
Objective 4.2.1			Maintain statewide transparency website	2.32% \$67,174	2.47% \$58,237	Make more public information readily available online that is useful and user-friendly for the General Assembly, citizens, the media, and any other stakeholder	<u>Assoc. Agency Programs</u> Other Services
			How agency measures its performance:	Statewide transparency website meets statutory requirements (accomplished in 2013-14 and 2014-15)			
Objective 4.2.2			Increase use of website (increase site visits) by improving format and expanding content, and by soliciting the media to inform the public on the website's existence	1.16% \$33,587	1.24% \$29,119	Make more public information readily available online that is useful and user-friendly for the General Assembly, citizens, the media, and any other stakeholder	<u>Assoc. Agency Programs</u> Other Services
			How agency measures its performance:	Statewide transparency website analytics show increasing annual visits (140,000 in 2013-14; Target in 2014-15 is more than previous year; 108,000 as of 4/30/15; Target not met)			

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			Description		2013-14	2014-15	
		Strategy 4.3	Provide details of travel expenditures incurred by personnel of all state agencies				Increased scrutiny serves as a potential deterrent to unnecessary publicly-funded travel
		Objective 4.3.1	Issue and distribute annual Statewide Travel Report by statutory deadline	1.16% \$33,587	1.24% \$29,119	Increased scrutiny serves as a potential deterrent to unnecessary publicly-funded travel	Assoc. Agency Programs Other Services
			How agency measures its performance:	Statewide Travel Report release date (Oct. 30 in 2013-14; Target for 2014-15 is Nov. 1 pursuant to Proviso 117.28; Not yet due in 2014-15)			
		Objective 4.3.2	Post annual Statewide Travel Reports on statewide transparency website	1.16% \$33,587	1.24% \$29,119	Increased scrutiny serves as a potential deterrent to unnecessary publicly-funded travel	Assoc. Agency Programs Other Services
			How agency measures its performance:	Statewide Travel Report is timely posted to transparency website (accomplished in 2013-14 and 2014-15)			
		Strategy 4.4	Administer the state's Purchasing Card (P-Card) Rebate Program				P-Card usage reduces the state's cost of processing small purchases and earns rebate revenue for the state General Fund and for qualifying agencies
		Objective 4.4.1	Monitor annual spend volume and disburse P-Card rebate revenue to General Fund and qualifying agencies	1.16% \$33,587	1.24% \$29,119	P-Card program promotes efficiency and provides revenue to state government	Assoc. Agency Programs Other Services
			How agency measures its performance:	Amount of annual P-Card rebate revenue distributed to General Fund (\$2,420,902 in 2013-14; Target for 2014-15 is more than previous year; \$2,500,000 in 2014-15 (pending); if confirmed then Target met)			
		Objective 4.4.2	Produce monthly report of P-Card spending by each state agency including the detailed spending by each agencies' cardholders and post report on statewide transparency website	1.16% \$33,587	1.24% \$29,119	Encouraging scrutiny of spending by posting P-Card spending details online serves as potential deterrent to improper or unnecessary use	Assoc. Agency Programs Other Services
			How agency measures its performance:	Monthly P-Card Spending Reports are available on statewide transparency website (accomplished in 2013-14 and 2014-15)			

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G	S	O	Goals, Strategies and Objectives	% of Total Spending		Outcome	
			Description	2013-14	2014-15	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))	
Goal 5			To effectively manage the divisions, programs, and overall operation of the Comptroller General's Office and to participate in and support other statewide initiatives	16.91% \$489,343	18.90% \$444,861	Accountable, efficient, timely operation of the agency's Administration Division (program area)	
Strategy 5.1			To effectively manage the divisions, programs, and overall operation of the Comptroller General's Office and to participate in and support other statewide initiatives			Assuring appropriate return on investment for services performed	
Objective 5.1.1			Monitor annual cost of each program area (Statewide Accounts Payable/Payroll, Statewide Financial Reporting, Statewide Accounting, Other Services, Administration) and confront any increases if observed	2.54% \$73,399	2.83% \$66,729	Assuring appropriate return on investment for services performed	<u>Assoc. Agency Programs Administration</u>
			How agency measures its performance:	Agency's annual spending for each program area is stable and increases, if any, are specifically cost-justifiable (accomplished in 2013-14 and 2014-15)			
Strategy 5.2			Fulfill all legal and administrative mandates on the agency			Compliance with state laws and regulations and with directives from General Assembly	
Objective 5.2.1			Present concise and accurate annual summaries of agency operations to Budget sub-committees of House and Senate	1.69% \$48,935	1.89% \$44,486	Compliance with state laws and directives from General Assembly and provision of assistance in budget process	<u>Assoc. Agency Programs Administration</u>
			How agency measures its performance:	Agency prepares, presents, and files concise, useful reports to House and Senate budget sub-committees each year (accomplished in 2013-14 and 2014-15)			
Objective 5.2.2			Submit Annual Accountability Report by agreed-upon deadline	1.69% \$48,935	1.89% \$44,486	Compliance with state laws and directives from General Assembly and provision of assistance in budget process	<u>Assoc. Agency Programs Administration</u>
			How agency measures its performance:	Timely submission of Annual Accountability Report each year (Sept. 16 in 2013-14; Target for 2014-15 is mid-Sept; Sept. 15 in 2014-15; Target met)			
Objective 5.2.3			Complete Employee Performance Management System (EPMS) process on time for 100% of staff	1.69% \$48,935	1.89% \$44,486	Compliance with state laws and regulations	<u>Assoc. Agency Programs Administration</u>
			How agency measures its performance:	EPMS process is completed on time and documents are maintained in each employee's personnel file (accomplished in 2013-14 and 2014-15)			
Objective 5.2.4 (lowest spent on an objective)			Conduct timely exit interviews for all departing agency personnel and ascertain ways to reduce unwanted turnover of employees	0.85% \$24,465	0.94% \$22,244	Compliance with state laws and regulations	<u>Assoc. Agency Programs Administration</u>
			How agency measures its performance:	Each employee departure is evaluated by supervisor or by CGO executive mgmt. to determine reason and to identify possible wokplace issues; mgmt. summarizes annually (7 departed in 2013-14 and all were evaluated; Target for 2014-15 is 100%; 6 departed in 2014-15 and all were evaluated; Target met)			

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			Description	2013-14	2014-15	(Public benefit provided, or harm prevented, by accomplishment of this goal, strategy or objective (i.e. tangible benefits that matter in the lives of citizens))		
			Strategy 5.3	Work with SCEIS project team to retire STARS			Elimination of unnecessary duplication of effort throughout state government caused by having to continue maintaining and operating both the outdated former accounting system (STARS) and our modern comprehensive statewide system (SCEIS)	
			Objective 5.3.1	Support the SCEIS project team in converting the State Treasurer's Office (the only agency still on STARS) from STARS to SCEIS by December 31, 2015, so STARS can finally be retired	2.54% \$73,402	2.83% \$66,729	Enhancement in efficiency by eliminating unnecessary duplication of effort required by having to continue maintaining both the old accounting system (STARS) and the new comprehensive STARS and SCEIS	Assoc. Agency Programs Administration
				How agency measures its performance:	Agency and SCEIS team fully support STO's project to complete its conversion from STARS to SCEIS by 12/31/15, which is STO's current targeted completion date (Note: Maintaining duplicative systems--STARS and SCEIS--results in significant waste of IT and Accounting resources statewide. Objective 3.1.3 is one example) (Not yet completed in 2013-14; Target for 2014-15 was Dec. 31, 2015; Not yet completed in 2014-15; Target not met)			
			Strategy 5.4	Develop agency cybersecurity policies in accordance with State statutory and/or regulatory requirements			Compliance with state statutory and regulatory cybersecurity requirements, enhancing the protection of personally identifiable information and other sensitive information and reducing the state's and the agency's exposure to potential breaches of such information	
			Objective 5.4.1	Finalize implementation plans for all cybersecurity polices by Jan. 31, 2015	01.69% \$48,935	1.89% \$44,486	Compliance with this state requirement as a key step toward achieving Objective 5.4.2	Assoc. Agency Programs Administration
				How agency measures its performance:	Implementation plans for cybersecurity policies to be finalized by 01/31/15 (Objective added in 2015; Target is to implement policies by July 1, 2016; Currently in process and on track)			
			Objective 5.4.2	Implement all cybersecurity policies by July 1, 2016	01.69% \$48,935	1.89% \$44,486	Compliance with this state requirement to accomplish Strategy 5.4	Assoc. Agency Programs Administration
				How agency measures its performance:	Cybersecurity policies to be implemented by 07/01/16 (Objective added in 2015; Target is to implement policies by July 1, 2016; Currently in process and on track)			
			Strategy 5.5	Support other statewide initiatives for the benefit of citizens and state government overall			Enhancement of government effectiveness through collaborative efforts with other agencies and state officials	
			Objective 5.5.1	Serve on multi-agency task forces, committees, and authorities dedicated to statewide initiatives	2.54% \$73,402	2.83% \$66,729	Enhancement of government effectiveness through collaborative efforts with other agencies and state officials	Assoc. Agency Programs Administration
				How agency measures its performance:	Extent to which agency personnel serve on multi-agency task forces, committees or authorities (4 agency personnel serve in 2013-14; Target for 2014-15 in 3 or more agency personnel; 4 agency personnel serve as of 4/30/15; Target met)			

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Agency's Successes and Issues

Successes

The agency reports significant successes in its operations. Notably, the agency has been **recognized for excellence in financial reporting for nearly three decades** by the Government Finance Officers Association of the United States and Canada.⁸² According to the agency, the **transparency website** it launched in 2008 was among the first of its kind in the nation.⁸³ Other successes the agency reports include:

- Handling approximately 800,000 **disbursement requests within an average of 2.24 business days in fiscal year 2014**;
- Providing **timely and accurate processing of payroll** for an average of approximately 45,000 employees on the 1st and 16th of each month; and
- Providing **timely responses to open-records and other information requests** from Members of the General Assembly, the media, citizens and other stakeholders, resulting in a fiscal year 2014 average of two business days for such responses.⁸⁴

Current and Emerging Issues

The agency reports some current and emerging issues that impact its operations. The agency reports **a challenge with issuing the CAFR in a timely manner** when state agencies miss the deadline in submitting their audited financial statements; according to the agency, in fiscal year 2014, ten state agencies missed the deadline.⁸⁵ The agency also notes **a challenge in the existing process of issuing duplicate W-2 forms to state employees** (according to the agency, it processed nearly 1,600 requests for duplicate W-2 forms last year) and **in the existing process for distribution of pollution and water quality fine revenues to counties**.⁸⁶ Lastly, the agency notes **reporting requirements mandated by the federal Affordable Care Act**, and **converting the State Treasury functions to the South Carolina Enterprise System (SCEIS)** as emerging issues.⁸⁷

Potential Negative Impact, if the Agency's Programs are Not Performing Well

In an effort to facilitate its ability to highlight potential agency problems, the Committee asked the agency to state the **most potential negative impact on the public that may occur** if each of the agency's programs were to have substandard performance. The Committee also asked at what level the agency thinks **the General Assembly should be put on notice of a potential problem**. Table 10 brings together all of the potential negative impacts for each agency program.⁸⁸

Table 10 lists the programs from the most effective and efficient to the least, as ranked by the agency. The agency ranked statewide accounts payable/payroll and statewide financial reporting as the most effective.⁸⁹ The agency ranked its statewide accounting and other services (information technology, transparency website, P-Card oversight, CAFR Review, and other special reports) as the next most effective.⁹⁰ Last on the agency's list was administration.⁹¹

Table 10. Potential negative impact, if the agency's programs are not performing well⁹²

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

RECOMMENDATIONS

Agency's Recommendations

NOTE: The agency's recommendations are summarized in Visual Summary Table 3 on page 8.

The agency has several recommendations for the Subcommittee. Some of these recommendations relate to information highlighted earlier in the report, and some do not.

First are the **agency's recommendations that relate to the Head of the Agency**, all of which require an amendment to the State's Constitution. These recommendations include establishing minimum professional qualification requirements for the Comptroller General, as well as appointing rather than electing the Comptroller General. The Comptroller General is among the list of officers the State

Constitution requires to be elected.⁹³ Qualification requirements to hold the office of comptroller vary among states.⁹⁴ Fourteen states have a professional experience qualification for the office of comptroller, and twelve states require a professional certification to hold the office of comptroller.⁹⁵ Legislation has been introduced in the Senate this session proposing to amend the State Constitution so as to authorize the Governor to appoint the Comptroller General.⁹⁶

Next is the **agency's recommendation to eliminate duplication**. The agency recommends converting state treasury functions to SCEIS so that STARS can finally be retired to avoid the need for the agency to run duplicate accounting systems.

Next are the **agency's recommendations that would require additional personnel**. The agency recommends providing enhanced accounting support to state agencies. This support would require about \$260,000 of additional annual funding to hire four FTEs.⁹⁷ The agency further recommends the **establishment of an internal audit function**; which would cost \$60,000 for one FTE.⁹⁸ Of the agencies that the Committee has currently identified it will study, the majority do not have an internal auditor.⁹⁹ However, twenty-six agencies do have internal auditors, and the Department of Labor, Licensing and Regulation reports an auditor position available on July 1, 2015. The agency also recommends **providing expanded training opportunities for accountants who work throughout state government**.¹⁰⁰

Next, the agency has recommendations related to streamlining processes. These include **streamlining the process for distributing pollution and water quality fine revenue to counties**, and **streamlining the process for issuing duplicate W-2 forms**.¹⁰¹

Lastly, the agency recommends the Subcommittee **review references to the agency in law**, to consider the **possible deletion of 34 laws and modification of 107 laws**. The bases for possible deletions or modifications of laws are given in the agency's Program Evaluation Report.¹⁰²

Committee Staff's Recommendations

NOTE: The Committee staff's recommendations are summarized in Table 3 on page 8.

Staff respectfully requests the Subcommittee give consideration to the agency's recommendations as well as its own recommendations. Staff's recommendations are based upon consideration of: (1) the application, administration, execution, and effectiveness of laws and programs, (2) the organization and operation of the agency, and (3) conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation.¹⁰³ Other considerations include: percentage of total money spent by agency, potential negative impacts, agency recommendations, and public comments.

Staff respectfully recommends **further study of the way in which the agency locates, categorizes, and ranks causes of errors and delays as this may allow the Subcommittee and agency to work together to identify opportunities to be proactive in preventing those errors and delays earlier in the process**. Some items for consideration pertaining to causes of errors and delays are:

- The agency's performance measures did not appear to include any that specifically measured the agency's error rates nor any that measure the data it receives from other statewide agencies;
- Since all of the agency's objectives under Goal 1, including disbursement of funds, payroll, and issuance of forms required by Internal Revenue Services (i.e. 1099 and W-2), involve high-volume

work that is repetitive in nature, further study related to error rates may allow the agency to increase its efficiency by preventing those errors earlier in the process;

- When examining the agency's Goals, the agency reports spending the greatest percentage of its money, over 30%, on Goal 1 in 2013-14 and through March 30, 2015 in 2014-15. Thus, increased efficiency may help the agency receive a better return on its investment in this Goal;
- As the agency notes that delays in receiving information from some agencies hampers timely production of the state's CAFR, examining potential ways to assist the agency in determining the causes of the delays could help this agency, and others, which provide it information, to increase the efficiency and accuracy of information; and¹⁰⁴
- Production of the CAFR is part of the agency's Objective 2.1.1. When examining the amount the agency reported spending on its objectives, it appears that out of all its objectives, the agency spent the greatest percentage of its money toward accomplishing this objective. Thus, proactively increasing efficiency in this area may also help the agency receive a better return on its investment.

As part of a proactive review of the performance measures provided by the agency, staff respectfully recommends **further study of the basis for each performance measure target value (i.e. intended result) and how the agency uses information about customer and stakeholder expectations when setting each target value.**¹⁰⁵ As an example, intended results, such as a four-day turnaround on disbursement requests, have a solid basis if the agency and its customers share the same expectations. However, if the customer does not expect the turnaround for 10 days, the agency may be utilizing too much of its resources to provide the four-day turnaround. Alternatively, if the customer expects the turnaround in one day, the agency is not setting a high-enough goal or using enough of its resources. Obtaining genuine feedback from its customers may assist the agency in setting accurate target values for its measures and effectively allocating its resources to obtain the intended results. Staff notes the difficulty the agency may find when seeking genuine feedback from customers since those customers rely on the agency to approve the customers' monthly expenses.

Next, staff respectfully recommends the Subcommittee perform further study by **discussing workforce engagement** and examining the agency's objectives and data related to workforce engagement initiatives. The agency discussed some of its activities related to this topic, such as the Employee Performance Management System (EPMS) annual reviews, quarterly team building exercises, continuing professional education classes for CPAs on staff, and exit interviews for employees leaving the agency, in its reports to the Committee, and in its Objectives 3.2.1, 5.2.3 and 5.2.4. Further discussion may provide the Subcommittee additional clarity regarding how the agency is measuring whether these activities are achieving the intended results, which activities are highly successful and which may be best practices that could be followed by other agencies. The Subcommittee may also wish to hear how—or if—the agency encourages and uses new ideas from staff members at all levels of the agency.

Staff respectfully recommends further **discussion of best practices related to the state's comprehensive financial database.** The South Carolina Enterprise Information System (SCEIS) allows for uniform reporting across agencies in areas such as financials and human resources as well as provides the ability to perform numerous types of analysis. However, the agency noted the system is a database like all other databases, in the sense that if transactions are not posted correctly, there is the potential for the incorrect accounting of expenditures, revenues, etc. Furthermore, the analytical capabilities of the SCEIS system are compromised if it analyzes incorrect information. Therefore, staff recommends the Subcommittee help determine additional strategies, objectives, and measures to compliment the agency's Strategy 3.1

and 3.2, so the agency can potentially prevent other agencies from incorrectly entering information into the database. The Subcommittee may also wish to discuss with the agency its efforts to determine how other entities efficiently use software similar to SCEIS.

Lastly, staff respectfully recommends a **review of the laws the agency has identified for possible elimination or revision**. Staff notes that many of the agency's recommendations are based on the reality that the widespread use of new technology across the State's agencies may have made some existing state laws outdated.

ENDNOTES

¹ Figure 1 is compiled from information provided by the agency in its Restructuring and Seven-Year Plan Report and Program Evaluation Report to the Committee. SC Comptroller General's Office, "Restructuring and Seven-Year Plan Report, 2015," under "Citizens' Interest" and under "House Legislative Oversight Committee Postings and Reports," and under "Comptroller General's Office"

<http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/2015AgencyRestructuringandSevenYearPlanReports/2015%20Comptroller%20General.pdf> (accessed July 6, 2015). SC Comptroller General's Office, "Program Evaluation Report, 2015," under "Citizens' Interest" and then under "House Legislative Oversight Committee Postings and Reports," and under "Comptroller General's Office" <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/2015%20Program%20Evaluation%20Reports/CG%20Program%20Evaluation%20Report.pdf> (accessed July 6, 2015).

² Table 2 information is compiled from staff analysis of the agency's *Program Evaluation Report*, Strategic Investment Chart. Also, Table 2 information is compiled from the agency's, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.

³ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.

⁴ Ibid.

⁵ This is the agency's spending related to each goal as a percentage of the agency's total spending.

⁶ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.

⁷ SC Constitution, art. XII, sec. 1. The full text of the SC Constitution is available on the SC General Assembly's website, "SC Constitution," <http://www.scstatehouse.gov/scconstitution/scconst.php> (accessed July 27, 2015).

⁸ SC Code of Laws, sec. 2-2-5. The full text of the unannotated version of the SC Code of Laws is available on the SC General Assembly's website, "Code of Laws," under "South Carolina Law," <http://www.scstatehouse.gov/code/statmast.php> (accessed July 7, 2015).

⁹ Ibid.

¹⁰ Ibid.

¹¹ SC Code of Laws, sec. 2-2-20(B).

¹² SC House of Representatives, House Legislative Oversight Committee, "Standard Practice 9," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Standard Practices," <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/SP06252015.pdf> (accessed July 5, 2015).

¹³ SC Code of Laws, sec. 2-2-20(A).

¹⁴ SC Code of Laws, sec. 2-2-30(C)(1).

¹⁵ SC Code of Laws, sec. 2-2-20(C).

¹⁶ SC Code of Laws, sec. 2-2-50.

¹⁷ SC Code of Laws, sec. 2-2-70.

¹⁸ SC Code of Laws, sec. 2-2-80 and sec. 2-2-90.

¹⁹ SC Code of Laws, sec. 2-2-100 through 120.

²⁰ SC Code of Laws, sec. 2-2-30(C)(2).

²¹ SC House of Representatives, House Legislative Oversight Committee, "January 7, 2015 Meeting Minutes," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Full Committee Minutes," <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/FullCommitteeMinutes.php> (accessed June 21, 2015). A video of the meeting is available at <http://www.scstatehouse.gov/video/videofeed.php>.

²² The committee's recommendations, letters to the Speaker of the House of Representatives and House Clerk, and a direct link to the January 13, 2015, House Journal are available on the committee's website under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," <http://www.scstatehouse.gov/committeefinfo/houselegislativeoversightcommittee.php> (accessed June 21, 2015).

²³ SC Code of Laws, sec. 2-2-10(1).

²⁴ SC House of Representatives, House Legislative Oversight Committee, "February 5, 2015 Full Committee Minutes," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Minutes," <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/FullCommitteeMinutes/February052015.pdf> (accessed August 5, 2015). A video of the meeting is available at <http://www.scstatehouse.gov/video/videofeed.php>.

²⁵ SC House of representatives, House Legislative Oversight Committee, "Subcommittees -2015," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/S1.pdf> (accessed July 5, 2015).

²⁶ SC House of Representatives, House Legislative Oversight Committee, "February 24, 2015 Executive Subcommittee Minutes," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Subcommittee Minutes" <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/SubcommitteeMinutes.php> (accessed July 5, 2015). A video of the meeting is available at <http://www.scstatehouse.gov/video/videofeed.php>.

²⁷ Executive Subcommittee Minutes, April 21, 2015. A video of the meeting is available at <http://www.scstatehouse.gov/video/videofeed.php>. Executive Subcommittee Minutes, May 7, 2015. A video of the meeting is available at <http://www.scstatehouse.gov/video/videofeed.php>.

²⁸ SC House of Representatives, House Legislative Oversight Committee, "May 2015 Survey Results," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Comptroller General's Office" [http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/Survey/May%202015%20Survey%20Results%20\(CG,%20DO%20T,%20First%20Steps,%20DSS,%20and%20DJJ\).pdf](http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/Survey/May%202015%20Survey%20Results%20(CG,%20DO%20T,%20First%20Steps,%20DSS,%20and%20DJJ).pdf), unnumbered page 1 and 133-135, (accessed July 5, 2015).

²⁹ Standard practice 10.4.

³⁰ SC House of Representatives, House Legislative Oversight Committee, "May 2015 Public Survey." The survey is closed. The survey sought comments from the public about the Comptroller General's Office; Department of Transportation; Department of Social Services; Department of Juvenile Justice; and First Steps to School Readiness. The 1,788 responses is inclusive of responses for all five agencies.

³¹ SC House of Representatives, House Legislative Oversight Committee, "Provide Input About Agencies," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports."

³² SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*.

³³ *Ibid.*, 24.

³⁴ SC Comptroller General's Office, *Program Evaluation Report*.

³⁵ SC House of Representatives, House Legislative Oversight Committee, "Comptroller General's Office," under "Committee's Seven-Year Study Cycle," and under "Agencies Currently Under Study," <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/ComptrollerGeneral.php> (accessed July 5, 2015).

³⁶ Standard practice 11.1.

³⁷ Standard practice 11.2.

³⁸ As a staff study is similar to a bill summary, the disclaimer required by House Rule 4.9 for bill summaries prepared by staff has been modified.

³⁹ Standard practice 11.4.

⁴⁰ Standard practice 11.5 - 11.7.

⁴¹ Standard practice 11.9.

⁴² *SC Code of Laws*, sec. 2-2-20(C).

⁴³ Thomas Cooper, ed., *The Statutes as Large of South Carolina*, Act Number 1729 of 1799 (Columbia: A.S. Johnston, 1839), 360-363.

⁴⁴ SC Constitution, art. VI, sec. 7. The Honorable Richard Eckstrom, CPA, has served as the Comptroller General continuously since 2003.

⁴⁵ SC Legislative Audit Council, "Report Summary: A Review of the Offices of the Comptroller General and the State Treasurer," SC Legislative Audit Council, November 1997, http://lac.sc.gov/LAC_Reports/1997/Pages/CGStateTreasurer.aspx (accessed June 25, 2015).

⁴⁶ Act No. 155 of 1997, General Appropriations Bill H. 3400 for the fiscal year beginning July 1, 1997, under "Legislation," under "Budget Bills," http://www.scstatehouse.gov/sess112_1997-1998/appropriations1997/tas9.htm (accessed July 6, 2015).

⁴⁷ According to information provided by the agency to the Subcommittee, as of May 8, 2015, the Comptroller General Office has 11 male employees and 18 female employees, not including two temporary employees and the agency head.

⁴⁸ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 6.

⁴⁹ According to a June 30, 2015, briefing to the Economic Development, Transportation, Natural Resources and Regulatory Subcommittee by Ms. Kim Adyette, State Director of the Division of Human Resources for the SC Department of Administration, the various types of employment include full-time employment, temporary employment, temporary grant employment, and time-limited employment. SC House of Representatives, Legislative Oversight Committee, "Economic Development, Transportation, Natural Resources and Regulatory Subcommittee June 30, 2015," 59.29, <http://www.scstatehouse.gov/video/videofeed.php> (accessed July 5, 2015). The figures provided by the agency are solely for full-time employment.

⁵⁰ Figure 2.2 information is compiled from a review of General Appropriations Acts from fiscal year 2005-06 through fiscal year 2014-2015 which are available on the General Assembly's website under "Legislation," and under "Budget Bills," <http://www.scstatehouse.gov/budget.php> (accessed July 6, 2015).

⁵¹ SC House of Representatives, House Legislative Oversight Committee, "May 2015 Survey Results." <http://www.scstatehouse.gov/committeefinfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/ComptrollerGeneral.php> (accessed June 21, 2015). In addition to the Comptroller General's Office, the survey solicited comments about the Department of Transportation, First Steps to School Readiness, Department of Social Services, and Department of Juvenile Justice.

⁵² *Ibid.*, 2 (pages not numbered).

⁵³ *Ibid.*, 3-4 (pages not numbered).

⁵⁴ *Ibid.*

⁵⁵ SC House of Representatives, Legislative Oversight Committee, "Executive Subcommittee May 7, 2015," 11:56, under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Archived Video," <http://www.scstatehouse.gov/committeefinfo/houselegislativeOversightCommittee.php> (accessed July 5, 2015).

⁵⁶ SC Comptroller General's Office, "About the SC Comptroller's Office," SC Comptroller General's Office, <http://www.cg.sc.gov/Pages/default.aspx> (accessed July 1, 2015).

⁵⁷ The Treasurer's Office is currently under study by the Committee and Subcommittee.

⁵⁸ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.

⁵⁹ *Ibid.*

⁶⁰ *SC Code of Laws*, sec. 2-65-60, sec. 8-11-33, and sec. 11-3-185.

⁶¹ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Purpose, Mission, Vision Chart C.

⁶² SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 3-5.

⁶³ Table 4 information is compiled from the agency's *Restructuring and Seven-Year Plan Report*.

⁶⁴ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, Key Partners Chart D, Key Customers Chart F1-F3, and Key Stakeholders Chart G1-G5.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ *SC Code of Laws*, sec. 1-1-810. The agency's accountability report is available on the General Assembly's website, under "Publications," and under "Current State Agency Reports," <http://www.scstatehouse.gov/reports/reports.php> (accessed July 7, 2015).

⁶⁸ Table 6 information is compiled from a review of General Appropriations Acts from fiscal year 2005-06 through fiscal year 2014-2015, which are available on the General Assembly's website under "Legislation," and under "Budget Bills," <http://www.scstatehouse.gov/budget.php> (accessed July 6, 2015).

⁶⁹ SC Revenue and Fiscal Affairs Office, "Historical Analyses: A Compilation of Analyses of Certain Revenue, Appropriation, Expenditure, FTE and Other Data Through December 10, 2014, under "Budget Development," <http://rfa.sc.gov/budget> (accessed July 5, 2015).

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² The agency provided all of this information.

⁷³ SC Department of Administration, Executive Budget Office, "2014-15 Accountability Report Guidelines," under "Agency Services," under "Executive Budget Office," and under "Agency Accountability Report <http://www.admin.sc.gov/budgets> (accessed July 6, 2015).

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ SC Comptroller General's Office, *Program Evaluation Report*, guidelines.

⁷⁷ Table 10.1 information is compiled from staff analysis of the agency's *Program Evaluation Report*, Strategic Investment Chart.

⁷⁸ This is the agency's spending related to this goal as a percentage of the agency's total spending.

⁷⁹ Table 10.2 information is compiled from staff analysis of the agency's *Program Evaluation Report*, Strategic Investment Chart.

⁸⁰ This is the percentage of total money the agency spent on all its objectives.

⁸¹ Table 9 information is compiled from staff analysis of agency's *Program Evaluation Report*, Strategic Investment and Performance Measure Status charts.

⁸² SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 4.

⁸³ Ibid., 5.

⁸⁴ Ibid., 3 and 5.

⁸⁵ Ibid., 7.

⁸⁶ Ibid.

⁸⁷ Ibid., 7-8.

⁸⁸ SC Comptroller's Office, *Program Evaluation Report*, Program Details Chart.

⁸⁹ SC Comptroller General's Office, *Program Evaluation Report*, Program Effectiveness Ranking Chart.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Table 7 information compiled from the SC Comptroller's Office, *Program Evaluation Report*, Program Details Chart.

⁹³ SC Const. art. VI, sec. 7.

⁹⁴ The Council of State Governments, "The Book of States 2014, Chapter 4: State Executive Branch Table 4.30: State Comptrollers: Qualifications for Office" The Council of State Governments, <http://knowledgecenter.csg.org/kc/content/book-states-2014-chapter-4-state-executive-branch> (accessed July 1, 2015).

⁹⁵ Ibid.

⁹⁶ Senator George E. "Chip" Campsen III prefiled S.59 on December 3, 2014, and the legislation was introduced in the Senate on January 1, 2015, and referred to the Senate Judiciary Committee.

⁹⁷ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 18-19.

⁹⁸ Ibid., 17-18.

⁹⁹ This is based upon a review of the agencies' Restructuring and Seven-Year Plan Reports, which are posted on the Committee's website under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," <http://www.scstatehouse.gov/committeeinfo/houselegislativeOversightCommittee.php> (accessed August 3, 2015).

¹⁰⁰ SC Comptroller General's Office, *Restructuring and Seven-Year Plan Report*, 18, 20, and 21.

¹⁰¹ Ibid.

¹⁰² SC Comptroller's Office, *Program Evaluation Report*, Evaluation of Legal Standards Chart.

¹⁰³ *SC Code of Laws*, sec. 2-2-20(C).

¹⁰⁴ The Subcommittee may consider whether or not to support the agency's efforts to have agencies appear before a public body such as the State Fiscal Accountability Board if they submit information for the CAFR late. Further study may uncover additional means of preventing these delays as well as other errors and delays.

¹⁰⁵ As an example, the agency included State Vendors, State Treasurer's Office and State agencies in relation to disbursement requests, but only said those customers expect "timely, accurate processing" without providing context of what those customers considered "timely".

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<http://www.scstatehouse.gov/committeeinfo/HouseLegislativeOversightCommittee/2015AgencyRestructuringandSevenYearPlanReports/2015%20Comptroller%20General.pdf> (accessed July 6, 2015).

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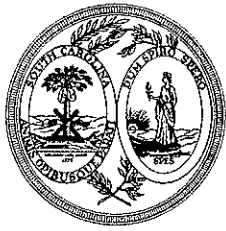
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 - <http://www.cg.sc.gov/Pages/default.aspx>
- Agency's S.C. Fiscal Transparency Website:
 - <http://www.cg.sc.gov/fiscaltransparency/Pages/default.aspx>
- Guidance and Forms for State Agencies:
 - <http://www.cg.sc.gov/guidanceandformsforstateagencies/Pages/default.aspx>



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COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

August 18, 2015

The Honorable Joshua A. Putnam, Subcommittee Chairman
The Honorable Weston J. Newton
The Honorable Laurie S. Funderburk
The Honorable Robert Q. Williams

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Dear Members:

Thank you for this opportunity to respond to your report on the oversight study you conducted of the Comptroller General's Office. Preparing for your oversight study and providing the information you requested was a valuable experience for this agency. While it required a lot of effort from us, it was also very helpful in that it encouraged us to think long-term about the "back office" services we provide state agencies, and I'm confident we'll receive ongoing benefit from the strategic planning guidelines and process you provided.

I'd especially like to thank your staff, namely Jennifer Dobson and Charles Appleby, for the courteous assistance they provided us throughout the entire process. They provided us direction and close support from the start, and we very much appreciate their prompt, patient and professional approach.

In responding to your requests for information, we attempted to provide the information you were seeking and to present it in the reporting formats you provided us. Initially we wrestled with understanding these interrelated report formats, and with how to interpret and apply some of the terms embedded throughout the formatted reports (general terms like goals, strategies, and objectives, which had specific meaning and application in the reports). As a result, we were several weeks into responding to your requests before we gained a practical understanding of the planning terminology and reporting formats you had provided.

Based on the learning curve we experienced, it might be beneficial after selecting your next group of agencies to arrange classroom-based Accountability Report training for them to acquire a working knowledge of the planning and reporting process you want them to follow. We recently discovered that the concepts and reporting formats your Committee uses are similar to

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concepts and reporting formats being provided by the Department of Administration (DOA) for state agencies to follow in preparing their annual Accountability Reports going forward.

Two key staff members and I attended DOA's classroom-based Accountability Report training last month. It was through that training that we gained a practical understanding of the content and form of the reports you wanted us to use. Because of what we learned, we sought and received your permission to revise and resubmit reports we'd previously provided your Committee.

We appreciate the opportunity we had to implement your strategic planning process and we especially appreciate the substantive thought it required of agency personnel. We also appreciate the thorough and practical nature of your final report, and we concur with the Committee Staff's Recommendations contained on pages 30-32. Comparing your staff's recommendations to our agency's recommendations (ours are summarized on report page 8) we believe that your staff's recommendations provide additional support for the recommendations we offered.

Your staff's first recommendation, which begins on page 30 and continues through the middle of page 31, calls for our agency to measure error rates associated with data that other agencies send us to pay their vendors, process their payrolls, and prepare the State's Comprehensive Annual Financial Report. Staff's recommendation explains that our agency could analyze error rate information to proactively prevent errors and delays resulting from faulty data, thereby increasing operating efficiencies. We currently accumulate informal documentation on faulty or incomplete data from other agencies, yet we also recognize the value of having better formal metrics that would allow us to work closer with clerical personnel from other agencies, particularly those that have limited training and experience.

The next staff recommendation, which begins near the middle of page 31, calls for more analysis of our agency's workforce engagement initiatives, including our professional development efforts. This is an area offering the greatest potential return on investment – both within our agency and among inadequately trained or qualified accounting personnel from agencies with whom we interface.

Finally, the staff recommendation beginning at the bottom of page 31 calls for our agency to use SCEIS to prevent agencies from entering incorrect data into the statewide accounting system. This recommendation is actually a practical extension of both of the recommendations addressed in the previous two paragraphs.

We very much appreciate these helpful recommendations and we are in the process of determining how to implement them within the stringent limitations of our existing resources.

This agency's significantly reduced staffing level is identified in your report, and we further address it in the following paragraph.

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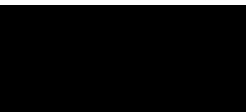
Reductions in our funding during the past ten years are pictured in Figure 4 of your report (page 16). Between 2008 and 2011, the General Assembly faced having to make substantial cuts to agency budgets, including our agency's budget, because of economic pressures that reduced General Fund revenues. Many agencies learned to "survive on limited rations" during this brief period and each agency survived in its own unique way. Our agency's budget cuts produced significant "controlled" reductions in our staffing levels – see Figure 2.2 of your report (page 12) – done by "temporarily" combining supervisory positions and leaving vacancies in some of our senior staff positions until we could obtain a partial restoration of our historical funding.

To date, we've not been successful in obtaining the limited additional recurring funding necessary to enable this agency, which is itself an oversight agency, to return to adequate staffing levels. With minimally increased funding – far less than the funding this agency has lost since 2008 – we could fully implement your report recommendations, more effectively support the accounting and/or bookkeeping staffs of State agencies, work closer with agencies to use tools available to them from the State's Enterprise Information System (SCEIS), and develop heightened safeguards and controls over the State's diversified financial resources by mentoring inexperienced accountants and clerical personnel in other agencies.

To meet these needs, this agency identified in your report our pressing need for \$320,000 in recurring funding to be restored to our budget. In comparing our 2006 budget of \$4.71 million to our current budget of \$2.97 million, we've experienced a net decrease of \$1.74 million or 37%. The additional funds we need would enable us to hire four qualified, experienced accountants and an internal auditor. We have ample vacant FTEs for these positions, but we need recurring funding. With this enhanced staffing, our agency would have the necessary means to fully accomplish the recommendations in your report and to work with accounting personnel in other agencies to address performance issues.

Thank you for including the Comptroller General's Office as one of the first agencies you selected to study. This experience has been very beneficial and we've been encouraged that your interest in, and concerns for, our agency are so similar to ours. Please let me know if you need any additional information or if you have questions about our response.

Yours very truly,



Richard Eckstrom
Comptroller General

RE/jds

Enclosure