

**State Fiscal  
Accountability  
Authority**

**Ways and Means  
Constitutional  
Subcommittee**

**FY 2020-21  
Budget Hearing**

**January 21, 2020**

**List of Key Officials**

**SFAA Organizational Chart**

**SFAA Overview and Budget  
Request Summary**

**FY 2018-19 Accountability  
Report Summary**

**Priority Budget Request  
Summary**

**Official Budget Request**

**Proviso Request Summary**

**SFAA and Related Provisos**

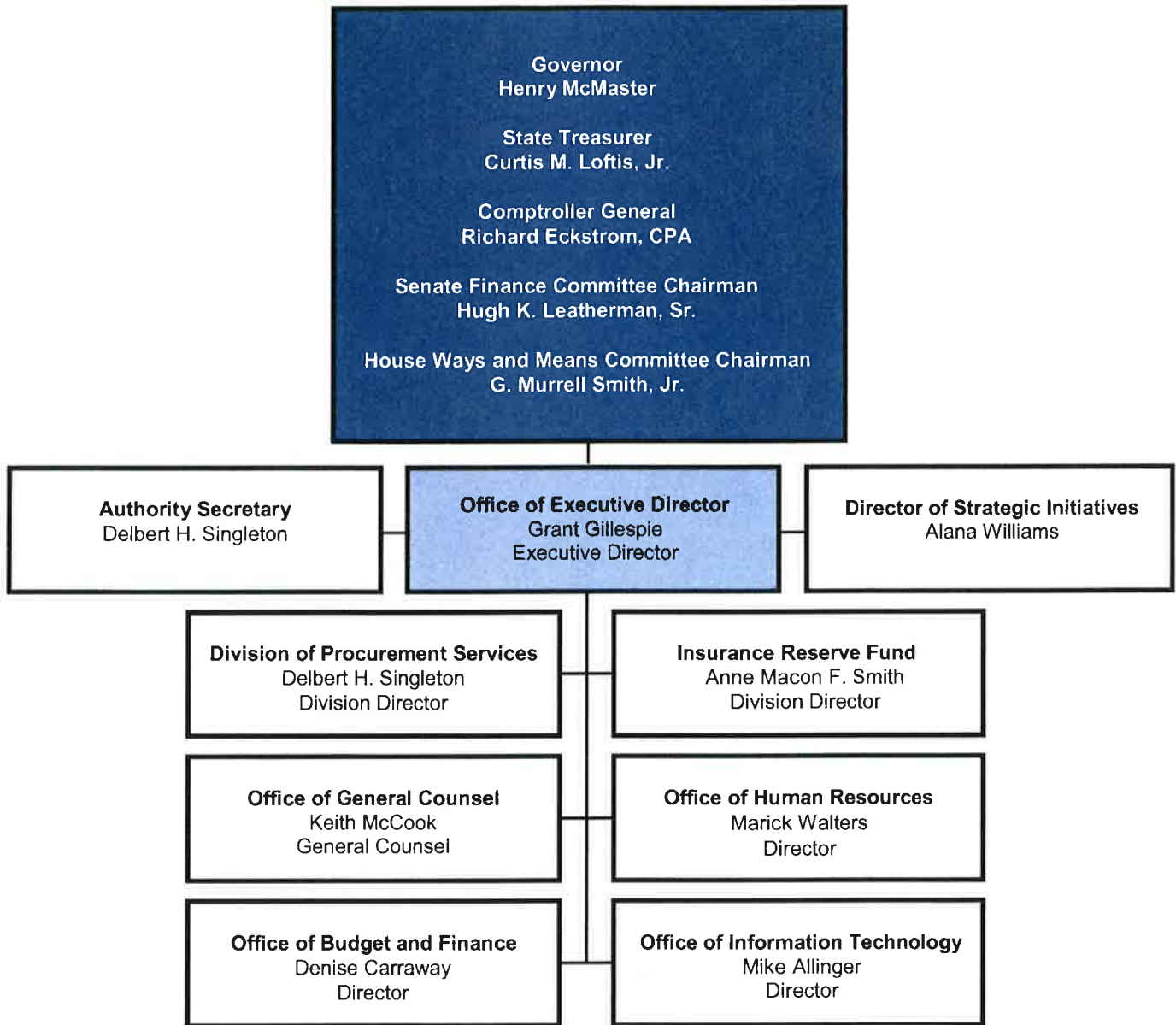
**Carry Forward**

**FTE Breakdown**

**State Fiscal Accountability Authority**  
**Legislative, Executive, and Local Government Budget Hearing**  
**FY2020-21 Budget Request**  
**Key Officials**

<u>Name</u>	<u>Position Title</u>	<u>Email</u>	<u>Phone</u>
Grant Gillespie	Executive Director	<a href="mailto:ggillespie@sfaa.sc.gov">ggillespie@sfaa.sc.gov</a>	734-9414
Denise Carraway	Office of Budget and Finance	<a href="mailto:denise.carraway@sfaa.sc.gov">denise.carraway@sfaa.sc.gov</a>	737-3019

# STATE FISCAL ACCOUNTABILITY AUTHORITY



January 2020

HENRY MCMASTER, CHAIR  
GOVERNOR

CURTIS M. LOFTIS, JR.  
STATE TREASURER

RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



BUDGET & FINANCE  
DENISE M. CARRAWAY, CPA  
DIRECTOR

(803) 737-0500  
1201 MAIN STREET, SUITE 430  
COLUMBIA, SC 29201

HUGH K. LEATHERMAN, SR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

G. MURRELL SMITH, JR.  
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

GRANT GILLESPIE  
EXECUTIVE DIRECTOR

January 6, 2020

**Agency Overview:**

- The State Fiscal Accountability Authority (SFAA or the Agency) is governed by a five-member board (the Authority), consisting of: The Governor, the Treasurer, the Comptroller General, the Chairman of the Senate Finance, and the Chairman of the House Ways and Means, all of whom serve ex-officio.
- SFAA is in its fifth year of operations and is comprised of three major divisions: Insurance Services (Insurance Reserve Fund and Second Injury Fund-Sunset); Division of Procurement Services (DPS) and Administration.
- The administrative and operational functions of SFAA are led by Executive Director Grant Gillespie, who was appointed by the Authority on December 15, 2015.
- SFAA provides administrative support to the Authority and the Agency Head Salary Commission.
- SFAA provides financial support to the Department of Administration to support the state's information technology planning program (Proviso 104.7).
- At its inception as a new agency, SFAA identified values that would be critical to its operations and should become part of its organizational culture. The Core Values listed below support the Vision, shape the culture, and reflect the actions of SFAA.
  - Ethical—Honesty, Fairness, Integrity, Respect, and Loyalty
  - Accountability—Leadership, Responsibility, and Transparency
  - Professionalism—Committed and well-trained Workforce
  - Quality Customer Service—Exceptional and Responsive
  - Innovation—Adaptable and Proactive

**Mission:**

The mission and purpose of the State Fiscal Accountability Authority is to provide fiscal oversight for the State of South Carolina and to meet the needs of the public sector by delivering quality, cost-effective insurance, procurement and engineering services.

**Budget Request Summary:**

- No changes requested.

HENRY MCMASTER, CHAIR  
GOVERNOR

CURTIS M. LOFTIS, JR.  
STATE TREASURER

RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



BUDGET & FINANCE  
DENISE M. CARRAWAY, CPA  
DIRECTOR  
(803) 737-0500  
1201 MAIN STREET, SUITE 430  
COLUMBIA, SC 29201

HUGH K. LEATHERMAN, SR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

G. MURRELL SMITH, JR.  
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

GRANT GILLESPIE  
EXECUTIVE DIRECTOR

### **Fiscal Year 2018-2019 Accountability Report Summary**

The mission and purpose of the State Fiscal Accountability Authority is to provide fiscal oversight for the State of South Carolina and to meet the needs of the public sector by delivering quality, cost-effective insurance, procurement, and engineering services.

In FY 2018-2019, the State Fiscal Accountability Authority (“SFAA” or the “Agency”) launched a number of initiatives designed to enhance its ability to provide fiscal oversight for the State of South Carolina and meet the needs of the public sector by delivering quality, cost-effective insurance, procurement, and engineering services, while simultaneously providing professional development growth opportunities for employees. A new monthly newsletter for procurement and engineering professionals, in-person forums and training opportunities for insurance and procurement professionals, offering agencies an opportunity to protect sensitive data with cyber liability insurance, and electronically archiving historical records from the Authority and prior Board, are a few examples of how SFAA continued to carry out its four-year old mission and vision. Additional accomplishments reflected in the Accountability Report further demonstrate the hard work and commitment to excellence of SFAA’s staff and leadership.

#### **Major Achievements During Fiscal Year 2018-19**

- Legislative Changes to the SC Procurement Code
- Conducted procurement audits and published reports of 14 agencies
- Launched *DisPatcheS* Newsletter
- Developed State-Wide Road Show Outreach
- Increased training and professional development opportunities
- Provided assistance to agencies during the construction of state facilities
- Provided emergency support for Hurricane Florence
- Continued development of eCatalog Procurement Solution Project
- Effectively implemented the IRF Catastrophic (CAT) Plan
- Successfully renewed the State property reinsurance buying capacity despite seeking significant reimbursements from the reinsurance markets in recent years due to catastrophic losses.
- Hosted training events to enhance the State’s Risk Management Practices
- Authority Records Archiving
- Strengthened operations through process improvements, cost-saving measures, and compliance with applicable laws

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**Fiscal Year 2018–2019  
Accountability Report**

**SUBMISSION FORM**

<b>AGENCY MISSION</b>	The mission and purpose of the State Fiscal Accountability Authority is to provide fiscal oversight for the State of South Carolina and to meet the needs of the public sector by delivering quality, cost-effective insurance, procurement, and engineering services.
-----------------------	--

<b>AGENCY VISION</b>	To be known as an Agency that is responsive, provides exceptional customer service, and delivers products at an outstanding value.
----------------------	--

Does the agency have any major or minor recommendations (internal or external) that would allow the agency to operate more effectively and efficiently?

	Yes	No
<b>RESTRUCTURING RECOMMENDATIONS:</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Is the agency in compliance with S.C. Code Ann. § 2-1-230, which requires submission of certain reports to the Legislative Services Agency for publication online and the State Library? See also S.C. Code Ann. § 60-2-30.

	Yes	No
<b>REPORT SUBMISSION COMPLIANCE:</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

Is the agency in compliance with various requirements to transfer its records, including electronic ones, to the Department of Archives and History? See the Public Records Act (S.C. Code Ann. § 30-1-10 through 30-1-180) and the South Carolina Uniform Electronic Transactions Act (S.C. Code Ann. § 26-6-10 through 26-10-210).

<b>RECORDS MANAGEMENT COMPLIANCE:</b>	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>


Is the agency in compliance with S.C. Code Ann. § 1-23-120(J), which requires an agency to conduct a formal review of its regulations every five years?

<b>REGULATION REVIEW:</b>	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Please identify your agency's preferred contacts for this year's accountability report.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
<b>PRIMARY CONTACT:</b>	Grant Gillespie	803-734-9414	ggillespie@sfaa.sc.gov
<b>SECONDARY CONTACT:</b>	Alana Williams	803-737-1116	awilliams@sfaa.sc.gov

I have reviewed and approved the enclosed FY 2018–2019 Accountability Report, which is complete and accurate to the extent of my knowledge.

<b>AGENCY DIRECTOR (SIGN AND DATE):</b>	 09-13-19
<b>(TYPE/PRINT NAME):</b>	Grant Gillespie

<b>BOARD/CMSN CHAIR (SIGN AND DATE):</b>	
<b>(TYPE/PRINT NAME):</b>	

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

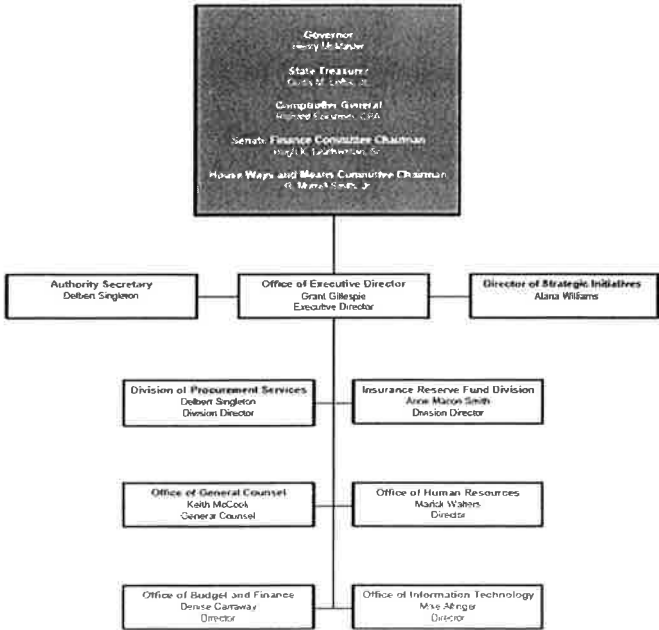
**AGENCY’S DISCUSSION AND ANALYSIS**

In FY 2018-2019, the State Fiscal Accountability Authority (“SFAA” or the “Agency”) launched a number of initiatives designed to enhance its ability to provide fiscal oversight for the State of South Carolina and meet the needs of the public sector by delivering quality, cost-effective insurance, procurement, and engineering services, while simultaneously providing professional development growth opportunities for employees. A new monthly newsletter for procurement and engineering professionals, in-person forums and training opportunities for insurance and procurement professionals, offering agencies an opportunity to protect sensitive data with cyber liability insurance, and electronically archiving historical records from the Authority and prior Board, are a few examples of how SFAA continued to carry out its four-year old mission and vision. Additional accomplishments reflected in this Report further demonstrate the hard work and commitment to excellence of SFAA’s staff and leadership.

Established by the Restructuring Act of 2014, Act 121, SFAA is comprised of the Insurance Reserve Fund Division (IRF) and the Division of Procurement Services (DPS). The Agency is governed by a five-member Authority consisting of: the Governor, the Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee, all of whom serve ex-officio. Administrative and operational functions of the Agency are led by Executive Director Grant Gillespie, who was appointed by the Authority on December 15, 2015.

**Organization Chart**

**STATE FISCAL ACCOUNTABILITY AUTHORITY**



July 2019



<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**Core Values and Organizational Culture**

The Core Values listed below support the Vision, shape the culture, and reflect the actions of SFAA:

- Ethical—Honesty, Fairness, Integrity, Respect, and Loyalty
- Accountability—Leadership, Responsibility, and Transparency
- Professionalism—Committed and well-trained Workforce
- Quality Customer Service—Exceptional and Responsive
- Innovation—Adaptable and Proactive

The Agency continues to foster a positive work environment for its employees, encouraging innovative ideas and productive teamwork. The dedicated staff is responsive and committed to serving the needs of our customers.

**Major Achievements During Fiscal Year 2018-19**

**Division of Procurement Services (DPS)**

The Division of Procurement Services (DPS) includes four operational sections — Office of State Procurement (OSP), Office of the State Engineer (OSE), Audit and Certification, and Business Operations and Strategic Planning.

In 2018, DPS developed new mission and vision statements for the Division entitled “A<sup>3</sup>” which stands for:

- 📦 **Acquire** — We provide efficient, innovative, and responsive services to acquire information technology, construction, and goods and services through effective broad-based competition.
- 📦 **Administer** — We provide guidance and oversight to promote integrity, ethical behavior, and increased public confidence in the acquisition process.
- 📦 **Advise** — We provide training and advice to ensure compliance with law, policies and practices.

Guided by the A<sup>3</sup> principals, DPS continued to expand upon the services offered thereby improving the experience for the state’s procurement and engineering professionals. The following highlights some of the accomplishments achieved by DPS:

**1. Office of State Procurement (OSP)**

**A. Legislative Changes to the SC Procurement Code**

- Drafted and submitted proposed legislative changes to the SC Procurement Code, in conjunction with the Office of General Counsel, that resulted in the passage of 2019 Act 41.
- Began drafting proposed interim and permanent Procurement Regulations necessitated by the passage of 2019 Act 41. in conjunction with the Office of General Counsel.
- Developed a training schedule for procurement professionals regarding the changes 2019 Act 41 made to the Procurement Code and started presenting a series of webinars on June 25, 2019.

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**B. Contract Management and Assistance**

- In FY 2018-19, the contract results provided by OSP are as follows:

Total Contracts Awarded		State Term Contracts		Agency Contracts	
807	\$1.72 Billion	393	\$1.02 Billion	414	\$0.69 Billion

- OSP established new State Term Contracts for Body Cameras/In car Video & SAA Storage, Mobile Device Protection Plan, Idera Software, and Automated External Defibrillators, to name a few. Also established new multi-agency/shared services contracts for Cloud Computing Services and Cyber Liability Insurance Brokerage Services.
- Collaborated with agencies to establish critical contracts including: Voting System Solution for SC Election Commission, IT Professional Services for Department of Administration, Dining Services for Winthrop University, GPS Monitoring Services for DJJ, SCDC and SCPPP, and Traffic Counting Services for the Department of Transportation.
- The State realized contractual savings due to strategies designed to reduce the budgetary impacts for state agencies and local governments allowing for greater return on investment. The State realized the following savings through cost avoidance strategies and negotiated savings:

Categories	Totals
Cost Avoidance Savings	\$15 million
Negotiated Savings	\$50.3 million
<b>Total Savings</b>	<b>\$65.3 million</b>

- In addition to the savings listed above, OSP also provided reverse auction services to agencies to drive down pricing in certain commodities which resulted in annual savings of \$2.36 million.

**2. Office of State Engineer (OSE)**

OSE's primary role is to assist state agencies in acquiring construction services in the manner best suited to the agency's needs. OSE is responsible to assure that all such acquisitions comply with state law. The State Engineer, as the Building Official and Deputy State Fire Marshal for construction of state buildings and facilities, is responsible for enforcement of all applicable building and fire codes. In addition, OSE serves as the administrator of the State-level Floodplain Management Program for State lands.

In FY 2018-19, OSE provided the following services:

Services Provided	Totals
Architectural/Engineering Approved Contract Awards	191
Construction Contracts and Contract Change Orders	130
Permanent Improvement Projects for Agencies	169
Building Permits	106
Certificates of Occupancy	73
Flood Permits	24

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

- OSE modified the Manual for Planning and Execution of State Permanent Improvements due to the passage of S530 (Act 41) in May 2019, that changed the SC Consolidated Procurement Code. New construction processes were quickly implemented and made available for agencies to use.
- In conjunction with SFAA-IT, continued development and implementation of an enterprise state-wide application that will allow the automation of forms and workflow for construction projects for all state agencies.
- OSE provided assistance to agencies during the construction of state facilities. Two of the largest state projects currently under construction are the Clemson Business School (\$87 M) and the State Veterans Nursing Homes in the Northeast and Northwest (\$60 M each).

### 3. Audit and Certification

Audit and Certification is responsible for conducting periodic audits of each agency's procurement operations to determine compliance with the South Carolina Procurement Code and regulations.

A. Audit status: Conducted audits and published reports of 14 agencies in FY 2018-19.

B. Statutorily required reports:

- Compiled six statewide quarterly reports based upon information received from all state governmental bodies for the following procurement types: Sole Source; Emergency; Trade-in Sale; Unauthorized; Ten Percent Rule; and Applied Preferences.
- Annual reports were prepared of sole source, emergency, and unauthorized procurements and presented to the State Fiscal Accountability Authority.

### 4. Launched *DisPatches* Newsletter

- Created new newsletter as a platform for information exchange between DPS and the South Carolina governmental procurement community.
- Published and distributed 10 editions to more than 1,300 recipients with a link to current and past editions on DPS's website.

### 5. Developed State-Wide Road Show Outreach

- Conducted Road Shows in four geographic regions of the state for 264 registrations in order to allow the DPS leadership team to provide information about who we are, services that we provide, explain recent department restructuring changes and solicit input about how DPS can better serve State Agencies, School Districts, and political subdivisions.

### 6. Increased training and professional development opportunities.

- Updated and lengthened all courses to be consistent with recommendations from consultant to make training more relevant and timely.
- Provided unique training and development offerings for 709 attendees of Materials Management courses and 264 attendees of OSE courses.
- Provided a 2-day negotiation training to all Procurement Managers.

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**7. Provided emergency support for Hurricane Florence**

- OSE personnel staffed the Emergency Support Function – Public Works & Engineering in the State Emergency Operations Center during and after Hurricane Florence for 24 hours per day for 7 days.
- Sixteen OSP employees provided approximately 473.33 hours of support to Emergency Operations (ESF-7).

**8. Continued development of eCatalog Procurement Solution Project**

- Continued research, information, and requirements gathering to pre-RFP stages of eCatalog solution.
- Continued partnership engagement with SCEIS team and the Department of Administration to interface and implement the eCatalog system.

**Insurance Reserve Fund Division (IRF)**

The Insurance Reserve Fund (IRF) is a self-insurance mechanism operated by the State of South Carolina providing insurance to governmental entities at the lowest possible cost. All State agencies must purchase their insurance through the IRF and participation is optional for local governments. The Mission of the IRF is to provide property and liability insurance products that meet the needs of its governmental customers in a financially secure and responsible manner. The Insurance Reserve Fund currently insures more than \$40 billion in property values for State and local government entities. Some accomplishments achieved by the IRF in FY 2018-19 include the following:

**1. Effectively implemented the IRF Catastrophic (CAT) Plan to handle two catastrophic events**

- For the fourth consecutive year, the State experienced natural catastrophes with Hurricane Florence in September 2018 and Hurricane Michael in October 2018.
  - Hurricane Florence (estimated incurred loss of \$11.4 million) involved 73 claims with 1,054 individually insured segments. The IRF continues to process claims from Hurricane Florence.
  - Hurricane Michael (estimated incurred loss of \$300,000) involved 16 claims with multiple segments of damage and those claims are also still being processed.
- In February 2019, the IRF closed the last claims relating to Hurricane Matthew (\$25.4 million paid by IRF and \$15.4 million was recovered through reinsurance) and Hurricane Irma (\$4.3 million paid by IRF).

**2. Renewed property reinsurance to limit losses**

IRF successfully renewed its property reinsurance buying capacity for a 100-year storm at its existing Self Insured Retention despite the IRF seeking significant reimbursements from the reinsurance markets in recent years due to catastrophic losses. This accomplishment is attributable to:

- The property reinsurance markets' positive view of the IRF's claim handling of recent catastrophic events which included weekly telephone conferences with reinsurance market adjusters and transparency in handling of claims;
- The strong insurance to value data IRF provides to the markets;
- Ongoing building valuation and appraisal contract work; and,
- The opportunity for IRF staff to meet face to face with London, Bermuda, and Domestic reinsurance markets in Charleston, SC.

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**3. Ensured financial stability of the Fund**

The IRF addressed the need to maintain actuarially adequate rates to provide long term financial stability of the Fund by implementing a statewide rate increase for multiple lines of insurance. IRF completed customer outreach to provide alternatives to customers to minimize the impact of the rate increase on insureds' budgets.

**4. Continued efficient management of the Second Injury Fund (SIF)**

- In conjunction with SFAA-IT, the IRF implemented a solution with a vendor for a new medical repricing database and application for the Second Injury Fund. The updated platform provides a more secure application and provides SIF with a tool to determine the accuracy of claims for reimbursement.
- Secured the bi-annual review of the SIF, in compliance with the Second Injury Fund Closure Plan, which determined the plan has adequate funds available to pay remaining claims.

**5. Received positive examination of operations**

The independent audit of the IRF Financial Statements was issued with an unmodified opinion by the independent auditors, with no control or compliance issues noted.

**6. Hosted training events to enhance the State's Risk Management Practices**

- Risk Management Seminars in Spartanburg, Columbia, and Summerville on Boiler Safety Training providing education related to safe boiler operation and maintenance procedures.
- Seminar for IRF Ocean Marine policyholders addressing Maritime law, why protection and indemnity (P&I) is necessary, and how P&I differs from your Tort Liability Policy.
- Held meetings for insureds participating in the IRF Aviation Program to launch a new Drone program, as well as a present on risk management and an announce that a new three year guaranteed rate had been secured. This newly negotiated rate retained the profit sharing incentives for good loss experience.

**Agency-Wide**

**1. Management of activity related to the five-member Authority**

**A. Authority Meeting and Agenda Process**

The Authority held eight meetings during Fiscal Year 2018-19. Staff held agenda review meetings with internal and external staff and others, as needed, to develop the meeting agenda and address any matters prior to each meeting.

**B. Authority Records Archiving**

In collaboration with the SC Department of Archives and History, the Agency undertook a project to scan historical agendas and meeting documents from the Authority and its predecessor Board, and to convert the documents into formats that can be searched and retrieved by the public through the SC Department of Archives and History website.

**C. Coordination with Authority Members**

The Agency responded promptly to our members' offices about pending and potential agenda items, such as procurement audits, major leases, composite bank accounts, and management and assignment of bond counsel.

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**2. Assistance to Agency Head Salary Commission (AHSC)**

SFAA continued to provide staffing support and administrative functions for the Agency Head Salary Commission which primarily administers the agency head performance process.

**3. Strengthened operations through process improvements, cost-saving measures, and compliance with applicable laws.**

A. Implementation of Information Security and Privacy, required by Provisos 93.20 and 117.112:

- The SFAA InfoSec and Privacy Policy Team met monthly to review and when needed develop Agency policy and procedures to protect information privacy and improve electronic security. The Team made substantial progress in past years regarding procedure finalization, publication, and gap remediation. As of June 2019, approximately 95% of the procedures were completed or are in process.

B. Information Technology improvements and cost-savings realization

SFAA-IT promoted efficiencies by completing a number of projects, including:

- Purchased Cyber Liability Insurance Coverage under the state's new cyber insurance broker contract in order to protect SFAA from risk exposure for losses due to data breaches, unlawful electronic security breaches, fraud and related financial losses.
- SFAA-IT was able to enhance the business operations and improve efficiencies with an in-house team on previously mentioned projects such as the new OSE system.

C. Provided Updated In-house Purchasing Card Training (P-Card)

Provided P-Card Training for SFAA staff members on topics such as: Agency Roles and Responsibilities; Use of the P-Card, including allowable and prohibited purchases; Program Compliance and Internal Controls. In addition, the training included a Checklist of Questions for use during a P-Card Transaction and a list of applicable P-Card Resources, which can promote effectiveness and efficiencies.

D. SFAA workforce opportunities

- Implemented mandatory Driver Training for all SFAA employees to ensure consistent, accurate, and documented tracking of Driver Training status for all SFAA employees.
- The New Hire Assimilation process was expanded to include 30-Day and 60-Day follow-up assessments with the Office of Human Resources. These assessments build confidence in new employees that their job satisfaction is an agency priority, and allows the agency to gain first hand feedback from new hires in areas such as overall job satisfaction.

**4. Implemented Strategic Planning Initiatives**

A. Captured and documented SFAA business process functions

Substantial development of the mapping and documentation of business processes of the Authority in its roles as State Fiscal Oversight, the Agency Head Salary Commission and the Office of Finance.

B. Conducted bi-weekly Management meetings

The Senior Management team met on a bi-weekly basis to determine progress toward Agency goals and objectives.

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

C. Continued external communication plan

SFAA continued to carry out its communication initiative to let customers know who we are and services we provide. Road Shows were held throughout the State by DPS and Director Gillespie presented the new cyber liability insurance coverage option at the Cabinet Agencies meeting.

D. Strategic Planning Retreat

The SFAA Management Team held a strategic planning retreat in May 2019 to establish goals and plans for the Agency in the upcoming year.

**Risk Assessment and Mitigation Strategies**

A. Provide cost-effective property and liability insurance (Strategic Plan Goal No. 2)

- Potential Most Negative Impact — if this goal is not accomplished:

The IRF is challenged in the areas of staffing and continuity of service resulting from retirements and loss of staff due to competitive salary pressure.

There is an ongoing financial threat to the Fund due to catastrophic weather events in four consecutive years, loss of insureds and/or the risk of adverse selection triggered by rate increases, the increasing cost of claims settlements and litigation costs, changes to the reinsurance market that reduces the amount of available insurance and resultant rising property reinsurance costs, and declining investment income. This threat has been somewhat mitigated by the recent approval and implementation of rate changes, but also creates an additional challenge in the phasing in of the rates over a multi-year time span, which slows the positive impact of the increased income.

- Outside Help to Mitigate Impact

Request assistance from private insurance carriers; however, the cost may be prohibitive.

B. Provide innovative, cost effective and proactive acquisition services (Strategic Plan Goal No. 5)

- Potential Most Negative Impact — if this goal is not accomplished

Without a coordinated program dedicated to lowering costs by leveraging the State's collective buying power, the State should expect to pay more for goods and services. In addition, there would be increased risk of poor performance and contract claims due to lack of statewide training and supported efforts and decreased transparency and accountability across the State's acquisition system.

- Outside Help to Mitigate Impact

Request assistance from professional consulting firms, procurement trade groups and interstate linkages.

C. Options for General Assembly to Help Resolve Prior to Crisis:

- Continued support for improvements and performance demonstrated by these programs of SFAA.

**FY 20-21 Budget Priorities Summary**  
**State Fiscal Accountability Authority (E550)**

Budget Priorities		Funding							FTEs			
Priority No.	Priority Type (recurring/ non-recurring /other funds adjustment/ federal funds adjustment)	Priority Title	Priority Description	Recurring	Non - Recurring	Other	Federal	Total	State	Other	Federal	Total

No Items Requested



<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104



**Fiscal Year 2020-21  
Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS (FORM B1)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS (FORM B2)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

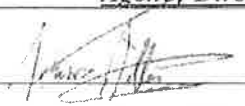
<b>CAPITAL REQUESTS (FORM C)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS (FORM D)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
<b>PRIMARY CONTACT:</b>	Denise Carraway	737-3019	Denise.Carraway@sfaa.sc.gov
<b>SECONDARY CONTACT:</b>	Grant Gillespie	737-4381	GGillespie@sfaa.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
<b>SIGN/DATE:</b>	 9/19/19	
<b>TYPE/PRINT NAME:</b>	Grant Gillespie	

*This form must be signed by the agency head - not a delegate.*

<b>AGENCY NAME:</b>	State Fiscal Accountability Authority		
<b>AGENCY CODE:</b>	E550	<b>SECTION:</b>	104

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION  
CONTINGENCY PLAN**

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
--------------	---

<b>AMOUNT</b>	\$51,006
---------------	----------

*What is the General Fund 3% reduction amount (minimum based on the FY 2019-20 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	1.0
----------------------------------	-----

*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM/ACTIVITY IMPACT</b>	<p>The General Funds appropriated to the State Fiscal Accountability Authority provide the Personal Service and Employer Contributions financial support for the Division of Procurement Services, Office of Audit and Certification.</p>
--------------------------------	---

*What programs or activities are supported by the General Funds identified?*

**AGENCY NAME:**

State Fiscal Accountability Authority

**AGENCY CODE:**

E550

**SECTION:**

104

**SUMMARY**

A 3% reduction in the General Fund Appropriations is expected to have a minimal service delivery impact to the Division of Procurement Services of the State Fiscal Accountability Authority.

*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

**AGENCY COST SAVINGS PLANS**

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
104.1	104.1	SFAA: Procurement of Art Objects	Directs that any purchase of art objects such as paintings, antiques, sculptures, or similar objects above \$1,000 be reviewed and approved by the Arts Commission. Exempts the State Museum, the Confederate Relic Room, and Hunley Commission from the proviso.	Keep
104.2	104.2	SFAA: Lawsuit Funding	Directs the SFAA's Executive Director to pay from the IRF the defense costs of the State to litigate the Abbeville school funding and the prisoner mental health care litigation upon notification and certification of the expenses from the House and Senate.	Keep
104.3	104.3	SFAA: Public Procurement Unit	Authorizes private, non-profit corporations that provide free medical care to participate as a local public procurement unit in the Minnesota Multi State Contracting Alliance for Pharmacy (MMCAP) cooperative purchase.	Keep
104.4	104.4	SFAA: Insurance Coverage for Aging Entities Authorized	Authorizes the IRF to offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability insurance coverage from the IRF.	Keep

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
104.5	104.5	SFAA: IRF Report	Directs the SFAA to prepare a report on the prior fiscal year utilization of the IRF. Report shall include for each transaction the amount, recipient of the funds, date of the transfer or payment, and the action or reason that necessitated the transfer. Report should be submitted to the President Pro Temp, Speaker of House, SFC Chair and WMC Chair.	Keep
104.6	104.6	SFAA: Second Injury Fund Closure Plan	Authorizes the SFAA to take all necessary actions to implement and administer the closure plan for the Second Injury Fund. Directs applicable funds be transferred to the SFAA and used for administrative costs and closing transactions of the SIF.	Keep
104.7	104.7	SFAA: IT Planning Transfer	Directs the SFAA to transfer \$400,000 from revenue generated from the contract administration fees on IT contracts to the DOA to support the state's IT planning program.	Keep
104.8	104.8	SFAA: Attorneys	Directs that the IRF shall continue to approve attorneys-at-law retained to defend those it insures.	Keep
104.9	104.9	Compensation - Agency Head Salary	Requires salaries of agency heads or technical college presidents be approved by the Agency Head Salary Commission prior to any offers if the salary is greater than the minimum of the salary range for the position.	Keep

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
104.10	104.10	SFAA: Continuation of Authority	Authorizes SFAA to carry forward funds from the current fiscal year.	Keep
35.8	35.8	DMH: Lease Payments to SFAA for SVP Program	Directs that funds appropriated for the lease payments to SFAA for the SVP program are exempt from across-the-board base reductions.	Keep
59.9	59.9	AG: Public Official Attorney Fees	Requires the IRF to pay up to \$50,000 of opposing attorney's fees and court costs when the Attorney General defends a public official.	
117.21	117.21	GP: Organizations Receiving State Appropriations Report	Requires each organization that receives funds from the appropriations act to report by November 1st, to the agency from which the funds were received, of how the funds will be used. When requested by SFAA, the State Auditor will review/audit organizations.	Keep
117.42	117.41	GP: Sole Source Procurements	Directs the SFAA to evaluate and determine whether the written determinations, explanations, and basis for sole source procurements (§11-35-1560) and emergency procurements (§11-35-1570) are legitimate and valid reasons for awarding non-competitive contracts.	Keep

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
117.55	117.54	GP: FEMA Flexibility	Authorizes any appropriation designated as state share for federally declared disaster and unallocated funds from established state accounts may be used for the purpose of state share for federally declared disasters. Further, authorizes the 5-member SFAA to borrow from any internal accounts to maximize the federal match.	Keep
117.82	117.80	GP: Bank Account Transparency and Accountability	Requires agencies that have composite reservoir bank accounts to prepare a report of all transactions of the account to be submitted to SFAA by Oct. 1st.	Keep
117.86	117.84	GP: Civil Conspiracy Defense Costs	Directs the Court to make a final determination of whether or not a government employee was acting within the scope of their official duty when being sued for civil conspiracy based in part upon a personnel or employment action prior to going to trial. If within scope, then employee is immune from suit and the agency may expend funds to defend the claim.	Keep
117.87	117.85	GP: Recovery Audits	Directs the SFAA to contract with one or more firms to conduct recovery audits of payments made by all State agencies to vendors for goods and services to detect, document and recover overpayments and erroneous payments to vendors.	Keep

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
117.112	117.109	GP: Employee Compensation	Authorizes the Executive Director of SFAA to use excess appropriations designated for employer contributions for other statewide purposes.	Keep
117.120	117.116	GP: State Engineer	Directs that the State Engineer is an office located within SFAA.	Keep
117.137	117.130	GP: Mobile Device Protection Plan	Directs the State Fiscal Accountability Authority, once policies have been developed by Admin., to establish a statewide contract for protecting state owned mobile devices and ensure the contract is awarded competitively according to the procurement code.	Keep



# STATE FISCAL ACCOUNTABILITY AUTHORITY

## PART IB PROVISOS

### SECTION 104 - E550

**104.1.** (SFAA: Procurement of Art Objects) Before any governmental body, with the exception of the South Carolina Museum Commission, the Confederate Relic Room and Military Museum Commission, and the South Carolina Hunley Commission as defined under the South Carolina Consolidated Procurement Code, procures any art objects such as paintings, antiques, sculptures, or similar objects above \$1,000, the head of the Purchasing Agency shall prepare a written determination specifying the need for such objects and benefits to the State. The South Carolina Arts Commission shall review such determination for approval prior to any acquisition.

**Action Requested: Keep**

**104.2.** (SFAA: Lawsuit Funding) The Executive Director shall pay from the Insurance Reserve Fund the defense costs of the State, which are incurred in the current fiscal year, in the Abbeville school funding litigation and the prisoner mental health care litigation. The appropriate official from the House of Representatives and the Senate must certify to the Executive Director on a monthly basis the costs incurred in defense of this litigation. Upon receipt of the certification, the Executive Director shall pay the provider of these services the amount certified.

**Action Requested: Keep**

**104.3.** (SFAA: Public Procurement Unit) For purposes of participation in the Minnesota Multi State Contracting Alliance for Pharmacy (MMCAP), a private, nonprofit corporation that provides only free medical care may be allowed to participate as a local public procurement unit in the MMCAP cooperative purchase. The participation of nonprofit corporations in the program is contingent upon approval of the Minnesota Multi-State Contracting Alliance for Pharmacy. Participating nonprofit corporations must comply with all applicable federal laws or regulations for participation in the MMCAP cooperative purchase. The state shall not be liable for any action or inaction of such a nonprofit corporation.

**Action Requested: Keep**

**104.4.** (SFAA: Insurance Coverage for Aging Entity Authorized) The State Fiscal Accountability Authority, through the Insurance Reserve Fund, for the current fiscal year, is also authorized to offer insurance coverage to an aging entity and its employees serving clients countywide which previously obtained its tort liability insurance coverage through the board. The Insurance Reserve Fund and the State of South Carolina shall not be liable to any person or entity, including an insured, for any insufficiencies of coverage provided hereunder.

**Action Requested: Keep**

**104.5.** (SFAA: IRF Report) The State Fiscal Accountability Authority shall prepare a report on prior fiscal year utilization of the Insurance Reserve Fund to include for each transaction the amount, the recipient of the funds, the date of the transfer or payment, and the action or reason that necessitated the transfer. The report shall be submitted to the President Pro Tempore of the Senate, the Chairman

of the Senate Finance Committee, the Speaker of the House of Representatives, and the Chairman of the House Ways and Means Committee by October fifteenth, of the current fiscal year.

**Action Requested: Keep**

**104.6.** (SFAA: Second Injury Fund Closure Plan) The State Fiscal Accountability Authority is authorized and empowered to take all necessary actions to administer the closure plan for the Second Injury Fund, as adopted pursuant to Section 42-7-320(A) of the 1976 Code, as amended, and to use the separate and distinct trust and administrative accounts established for this purpose.

**Action Requested: Keep**

**104.7.** (SFAA: IT Planning Transfer) The State Fiscal Accountability Authority shall transfer \$400,000 from revenue generated from contract administration fees on information technology contracts to the Department of Administration to support the state's information technology planning program.

**Action Requested: Keep**

**104.8.** (SFAA: Attorneys) For the current fiscal year, during the transition of the Insurance Reserve Fund from the Budget and Control Board to the State Fiscal Accountability Authority, the Insurance Reserve Fund shall continue to approve the attorneys-at-law retained to defend those it insures. In addition, the authority of the former Budget and Control Board under Section 1-7-170(A) is devolved upon the State Fiscal Accountability Authority.

**Action Requested: Keep**

**104.9.** (SFAA: Compensation - Agency Head Salary) In the event of an agency head or technical college president vacancy, the governing board of the agency or the Governor, or the appointing authority of a technical college president, must have the prior favorable recommendation of the Agency Head Salary Commission to set, discuss, offer, or pay a salary for the agency head or technical college president at a rate that exceeds the minimum of the range established by the Agency Head Salary Commission. No agency head or technical college president shall be paid a salary higher than that recommended by the commission. Boards and commissions, or the Governor if he is the appointing authority, of newly created agencies or technical colleges shall not offer or pay a salary to a prospective agency head until a salary range has been established and the salary approved by the Agency Head Salary Commission. The funding of the salaries of any agency head or technical college president should come from resources within the agency. The State Fiscal Accountability Authority shall contract every four years for a study of agency head and technical college president compensation. The cost of the study must be shared by the participating agencies. The staff of the State Fiscal Accountability Authority shall serve as the support staff to the Agency Head Salary Commission. Limited only by the maximum of the respective salary range, the General Assembly authorizes the respective appointing authority for an agency head or technical college president to provide salary increases for an agency head or technical college president not to exceed that recommended by the Agency Head Salary Commission. No agency head or technical college president shall be paid less than the minimum of the pay range nor receive an increase that would have the effect of raising the salary above the maximum of the pay range.

**Action Requested: Keep**

**104.10.** (SFAA: Continuation of Authority) The respective divisions of the State Fiscal Accountability Authority are authorized to provide to and receive from other governmental entities, including other divisions and state and local agencies and departments, goods and services, as will in its opinion promote efficient and economical operations. The divisions may charge and pay the entities for the goods and services, the revenue from which shall be deposited in the state treasury in a special account and expended only for the costs of providing the goods and services, and such funds may be retained and expended for the same purposes.

**Action Requested: Keep**

### **OTHER RELATED PROVISOS**

**35.8.** (DMH: Lease Payments to SFAA for SVP Program) In the current fiscal year, funds appropriated and authorized to the Department of Mental Health for Lease Payments to the State Fiscal Accountability Authority for the Sexually Violent Predator Program are exempt from any across-the-board base reductions.

**Action Requested: Keep**

**59.9.** (AG: Public Official Attorney Fees) The Executive Director of the State Fiscal Accountability Authority shall pay from the Insurance Reserve Fund, up to \$50,000 of opposing attorney's fees and court costs as ordered by the court in those cases in which the Attorney General defends one or more public officers in their official capacities.

The Attorney General must certify to the Executive Director the amount the court has ordered the Attorney General to pay for opposing attorney's fees and court costs and upon receipt of the certification, the Executive Director shall pay up to \$50,000 of the amount certified to the appropriate individual or entity. The Attorney General must report any court ordered payment of attorney's fees and court costs that exceed \$50,000 to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee for consideration by the General Assembly.

**Action Requested: N/A**

**117.21.** (GP: Organizations Receiving State Appropriations Report) Each organization receiving a contribution in this act shall render to the state agency making the contribution by November first of the fiscal year in which funds are received, an accounting of how the state funds will be spent, a copy of the adopted budget for the current year, and also a copy of the organization's most recent operating financial statement. The funds appropriated in this act for contributions shall not be expended until the required financial statements are filed with the appropriate state agency. No funds in this act shall be disbursed to organizations or purposes which practice discrimination against persons by virtue of race, creed, color or national origin. The State Auditor shall review and audit, if necessary, the financial structure and activities of each organization receiving contributions in this act and make a report to the General Assembly of such review and/or audit, when requested to do so by the State Fiscal Accountability Authority.

**Action Requested: Keep**

**117.41.** (GP: Sole Source Procurements) The State Fiscal Accountability Authority shall evaluate and determine whether the written determinations, explanations, and basis for sole source procurements, pursuant to South Carolina Code Section 11-35-1560, and emergency procurements, pursuant to South Carolina Code Section 11-35-1570, are legitimate and valid reasons for awarding noncompetitive contracts.

**Action Requested: Keep**

**117.54.** (GP: FEMA Flexibility) Any appropriation designated as the state share for a federally declared disaster may be carried forward and used for the same purpose by the Emergency Management Division of the Adjutant General's Office in the event of additional federally declared disasters. Unallocated funds from established state accounts may be used as the state share in any federally declared disaster. These funds may also be used during a Governor's state of emergency to augment existing state appropriations of the South Carolina Emergency Management Division (SCEMD). When these funds are used during a Governor's state of emergency, the allocation of those funds following the event will be determined by the Governor based on the recommendation of the Adjutant General and the Director of the South Carolina Emergency Management Division.

In the event there is a federally declared disaster and state match funds are unavailable, the State Fiscal Accountability Authority may borrow from any internal account or accounts necessary to maximize federal matching funds through the Emergency Management Division. Any such borrowing must be reported to the General Assembly within five days. Funds borrowed from accounts shall be replenished by the General Assembly as soon as practicable.

**Action Requested: Keep**

**117.80.** (GP: Bank Account Transparency and Accountability) Each state agency, except state institutions of higher learning, which has composite reservoir bank accounts or any other accounts containing public funds which are not included in the Comptroller General's South Carolina Enterprise Information System shall prepare a report for each account disclosing every transaction of the account in the prior fiscal year. The report shall be submitted to the State Fiscal Accountability Authority by October first of each fiscal year. The report shall include the name(s) and title(s) of each person authorized to sign checks or make withdrawals from each account, the name and title of each person responsible for reconciling each account, the beginning and year-end balance of funds in each account, and data related to both deposits and expenditures of each account. The report shall include, but not be limited to, the date, amount, and source of each deposit transaction and the date, name of the payee, the transaction amount, and a description of the goods or services purchased for each expenditure transaction. To facilitate review, the State Fiscal Accountability Authority shall prescribe a common format for the report which agencies must use. In order to promote accountability and transparency, a link to the report shall be posted on the Comptroller General's website as well as the agency's homepage.

When the State Auditor conducts or contracts for an audit of a state agency, accounts of the agency subject to this proviso must be included as part of the review.

If an agency determines that the release of the information required in this provision would be detrimental to the state or the agency, the agency may petition the State Fiscal Accountability Authority to grant the agency an exemption from the reporting requirements for the detrimental portion. The meeting to determine whether an exemption should be granted shall be closed. However, the exemption may only be granted upon a majority vote of the State Fiscal Accountability Authority in a public meeting.

**Action Requested: Keep**

**117.84.** (GP: Civil Conspiracy Defense Costs) For the current fiscal year, for any claim that has not reached a judgment, if a state or local government employee or former state or local government employee ("government employee") is personally sued for civil conspiracy based in part upon a personnel or employment action or decision regarding an employee, the court must, prior to trial, make a final determination whether the action or decision giving rise to the suit was made by the government employee within the scope of their official duty. If the court finds that the government employee was acting outside the scope of the employee's official duties, the government shall not thereafter expend any funds to pay or defend the claim. If the court finds the government employee was acting within the scope of their official duties, the employee is immune from suit, liability, and damages with respect to the civil conspiracy claim. The government may only expend funds to defend the claim if the determination is that the employee was acting within the scope of their official duties. Nothing in this proviso prevents an insurance provider from defending and paying, respectively, any claims that the provider has contractually agreed to defend and pay.

**Action Requested: Keep**

**117.85.** (GP: Recovery Audits) The State Fiscal Accountability Authority shall contract with one or more firms to conduct recovery audits of payments made by all state agencies to vendors for goods and services. The audits must be designed to detect, document, and recover overpayments and erroneous payments to the vendors and to recommend improved financial and operational practices and procedures. A state agency shall pay, from recovered monies received, the recovery audit firm responsible for obtaining for the agency a reimbursement or payment from a vendor a negotiated fee not to exceed twenty percent of the funds recovered by that firm.

Unless otherwise restricted by law, funds recovered, less the cost of recovery, shall be remitted to a special fund subject to appropriation by the General Assembly. Agencies may recover costs that are documented to be directly related to implementation of this provision.

Recovery audits apply only to payments made more than one hundred eighty days prior to the date the audit is initiated and shall cover at least three complete fiscal years.

All information provided under a contract must be treated as confidential by the recovery audit firm. A violation of this provision shall result in the forfeiture by the firm of all compensation under the contract and to the same sanctions and penalties that would apply to that disclosure.

Each state agency shall participate in this recovery audit program and shall cooperate and provide the recovery audit firm with all information necessary for the audit in a timely manner. All vendors that provide goods or services to a state agency shall cooperate with the recovery audit firm in its audit.

A state agency shall expend or return to the federal government any federal money that is recovered through a recovery audit conducted under this provision. Payments to the recovery audit firm from the federal share of recovered funds shall be solely from the federal portion as allowed by the federal agency.

In addition to performing the recovery audits, the recovery audit firm may conduct an analysis of contracts and pricing structures, as determined and directed by the Executive Director of the State Fiscal Accountability Authority or her or his designee, to identify and recommend future cost-savings and improved state agency financial operations going forward. A state agency shall pay the recovery audit firm responsible for obtaining the agency actual cost-savings a fee as authorized by the contract with the recovery audit firm.

The recovery audit firm shall provide reports to the State Fiscal Accountability Authority detailing its findings, the causes for the overpayments and erroneous payments, future cost-savings opportunities and its recommendations for strengthening state operations and/or state contracts to prevent improper payments in the future.

For purposes of this proviso, the term "vendor" or "vendors" includes, but is not limited to, sellers, suppliers, service providers, other providers, contractors and third party administrators; the term

"overpayments and erroneous payments" includes, but is not limited to, overpayments, duplicate payments, erroneous payments, and rebates, discounts and credits not received; and the term "state agency" or "state agencies" includes all state agencies, boards, commissions, institutions and institutions of higher education.

The State Fiscal Accountability Authority shall provide copies, including electronic form copies, of final reports received from a firm under contract to: the Governor; the Chairman of the Senate Finance Committee; the Chairman of the House Ways and Means Committee; and the state auditor's office. Not later than January first of each year, the board shall issue a report to the General Assembly summarizing the contents of all reports received under this provision during the prior fiscal year.

**Action Requested: Keep**

**117.109.** (GP: Employee Compensation) The amounts appropriated to F300-Statewide Employee Benefits for Employee Pay Increases must be allocated by the Department of Administration, Executive Budget Office to the various state agencies to provide for employee pay increases in accordance with the following plan:

(1) With respect to classified and non-judge judicial classified employees, effective on the first pay date that occurs on or after July first of the current fiscal year, the compensation of all classified employees shall be increased by zero percent.

(2) With respect to unclassified and non-judge judicial unclassified employees or unclassified executive compensation system employees not elsewhere covered in this act, effective on the first pay date that occurs on or after July first of the current fiscal year the compensation of all unclassified employees shall be increased by zero percent. Any employee subject to the provisions of this paragraph shall not be eligible for compensation increases provided in paragraphs 1, 3, 4, 5, or 6.

(3) Effective on the first pay date that occurs on or after July first of the current fiscal year, agency heads not covered by the Agency Head Salary Commission, shall receive an annualized base pay increase of zero percent.

(4) With respect to local health care providers compensation increases shall be zero percent effective on the first pay date that occurs on or after July first of the current fiscal year. With respect to Area Agencies on Aging funded by the Lieutenant Governor's Office on Aging, compensation shall be increased by zero percent effective on the first pay date that occurs on or after July first of the current fiscal year. With respect to local councils on aging or local providers of services funded by the Lieutenant Governor's Office on Aging through Area Agencies on Aging, no pay increases will be allowed. School Bus Driver salary and fringe funding to school districts shall be increased by zero percent.

(5) Effective on the first pay date that occurs on or after July first of the current fiscal year, the Chief Justice and other judicial officers shall receive an annualized base pay increase of zero percent.

(6) Effective on the first pay date that occurs on or after July first of the current fiscal year, county auditors and county treasurers shall receive an annualized base pay increase of zero percent.

(7) For Fiscal Year 2016-17, the Executive Budget Office is directed to review Executive Branch agencies to determine whether their budgets warrant an other fund authorization increase due to the zero percent compensation increase for all full-time employees. If so warranted, the Executive Budget Office shall work with the Office of the Comptroller General to increase such authorization for the affected agencies.

The Department of Administration shall allocate associated compensation increases for retirement employer contributions based on the retirement rate of the retirement system in which individual employees participate.

The Executive Director of the State Fiscal Accountability Authority is authorized to use excess appropriations for the current fiscal year designated for statewide employer contributions for other

statewide purposes. At the discretion of the Executive Director of the State Fiscal Accountability Authority, such action may be considered a permanent transfer into the receiving agency's base budget.

Funds appropriated in Part 1A, F300, Section 106, Statewide Employee Benefits may be carried forward from the prior fiscal year into the current fiscal year.

**Action Requested: Keep**

**117.116** (GP: State Engineer) The State Engineer is an office located within the State Fiscal Accountability Authority, all references to the contrary notwithstanding.

**Action Requested: Keep**

**117.130.** (GP: Mobile Device Protection Plan) With funds appropriated and authorized in the current fiscal year, the Department of Administration in the current fiscal year, shall implement updated policies for protecting mobile devices including, but not limited to, cellular phones, tablets and laptops. The department must also consider the potential consolidation of existing protection plans as established by other state agencies, to ensure an effective and efficient statewide approach to a protection plan that covers all state owned devices.

(A) The following factors shall be considered by the department as it reviews options for providing this protection, and to the extent possible, the following components must be included in the updated plan:

- (1) Protective cases and screens for all devices;
- (2) Multi-year insurance coverage for both the device and the protective case;
- (3) Zero deductible if possible to ensure cost savings to the department;
- (4) Multiple claims per device should be allowable;
- (5) Replacement policy if devices cannot be repaired; and
- (6) Local pickup and delivery service for efficient repair and replacement where possible.

(B) Upon development of these policies and to follow the new mobile device purchasing policy for state agencies, the State Fiscal Accountability Authority must establish a statewide contract for protecting all state owned, mobile devices that can be included in one combined contract.

(C) The State Fiscal Accountability Authority must ensure that any contract developed for this purpose is awarded utilizing a competitive approach in accordance with the South Carolina Procurement Code.

**Action Requested: Keep**

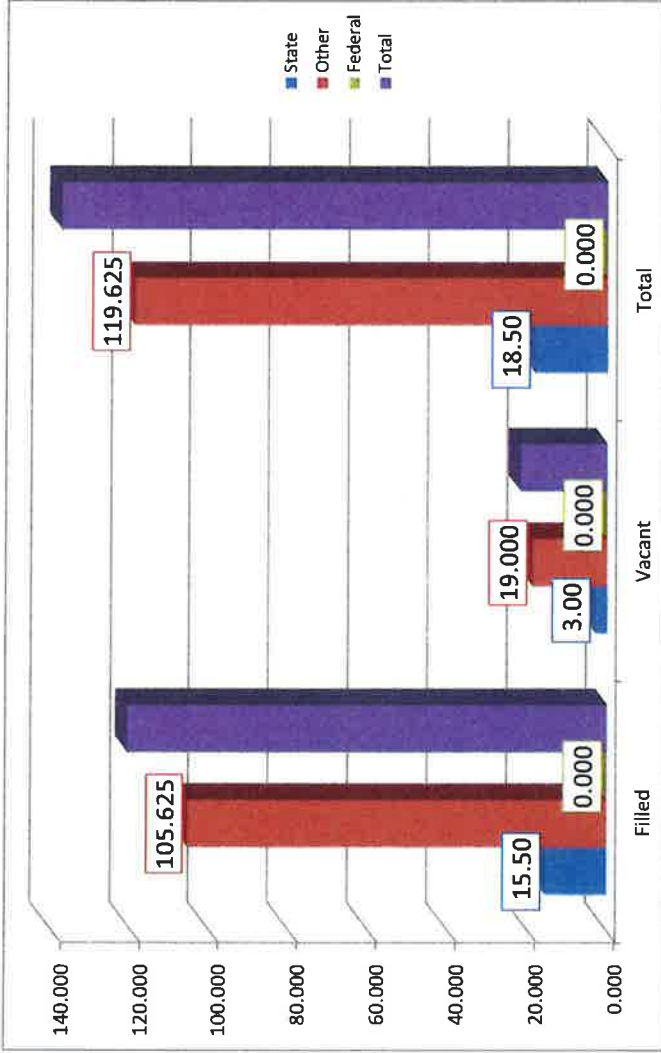
**STATE FISCAL ACCOUNTABILITY AUTHORITY**  
**SUMMARY OF CARRY FORWARD AND CURRENT CASH BALANCES**  
**FISCAL YEAR 2019 CARRYFORWARD TO 2020**

Office / Description	Fund	Balance 6/30/2019
<b>Insurance Trust Funds</b>		
<i>Insurance Reserve Fund</i>		
* IRF Trust Fund	4161	475,523,866
* Insurance Reserve Fund Administration	4144	489,124
* Sale of Assets	3958	20,746
<i>Second Injury Fund</i>		
* SIF Trust Fund	4260	252,260,940
* SIF Administration	4799	62,726
* Sale of Assets	3958	75
<b>Subtotal</b>		<b>728,357,477</b>
<b>Funds Held as Agent for Other Governmental Units or Persons</b>		
Ordinary Sinking Fund	4154	
<b>Subtotal</b>		-
<b>Business Operations Financed by User Charges</b>		
<i>Procurement Services Division</i>		
General Fund	1001	76,077
Special Operating	3417	8,095,489
Sale of Assets	3958	605
<b>Subtotal</b>		<b>8,172,171</b>
<i>SFAA-Administration</i>		
Special Operating	3417	185,791
<b>Subtotal</b>		<b>185,791</b>
<b>Grand Total</b>		<b>736,715,439</b>
* Indicates those funds that are subject to Federal repayment.		



# State Fiscal Accountability Authority

## FY 2019-20 Authorized FTEs



State Fiscal Accountability Authority

	State	Other	Federal	Total
Filled	15.500	105.625	0.000	121.125
Vacant	3.000	19.000	0.000	22.000
<b>Total</b>	<b>18.500</b>	<b>119.625</b>	<b>0.000</b>	<b>138.125</b>