

AGENCY NAME:	SFAA – Office of the State Auditor		
AGENCY CODE:	F270	SECTION:	105



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

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2020-21, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
NON-RECURRING REQUESTS (FORM B2)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.
CAPITAL REQUESTS (FORM C)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.
PROVISOS (FORM D)	For FY 2020-21, my agency is (mark "X"):	
	<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.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	George L. Kennedy, III, CPA	803-832-8929	gkennedy@osa.sc.gov
SECONDARY CONTACT:	Cindy Hoogenboom	803-832-8294	choogenboom@osa.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.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:	George L. Kennedy, III, CPA	

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

Fiscal Year 2020-21 Budget Request Executive Summary

Agency Code: F270
 Agency Name: SFAA - State Auditor's Office
 Section: 105

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Increase in General Funds for Auditor position	66,000				66,000	0.00				0.00
2	B1 - Recurring	Increase in General Funds for State Auditor Salary Increase	22,270				22,270	0.00				0.00
3	B1 - Recurring	Increase in General Funds for Data Analytics/Robotics Program	65,000				65,000	0.00				0.00
4							0					0.00
5							0					0.00
6							0					0.00
7							0					0.00
8							0					0.00
9							0					0.00
10							0					0.00
11							0					0.00
12							0					0.00
13							0					0.00
14							0					0.00
15							0					0.00
16							0					0.00
17							0					0.00
18							0					0.00
19							0					0.00
20							0					0.00
21							0					0.00
22							0					0.00
23							0					0.00
24							0					0.00
25							0					0.00
26							0					0.00
27							0					0.00
28							0					0.00
29							0					0.00
30							0					0.00
TOTAL BUDGET REQUESTS			153,270	0	0	0	153,270	0.00	0.00	0.00	0.00	0.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	General Funds increase to support entry level Audit position
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$66,000 Federal: Other: Total: \$66,000
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What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

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ACCOUNTABILITY OF FUNDS	<p>Strategy 1.1 – Assure our deliverables are timely and meaningful to users, Strategy 3.1 – Assure an agile business operation, and Strategy 3.2 - Respond to change by maintaining a strategic focus. Filling this position would ensure our ability to manage the workload and deliver services which strengthen culpability and transparency. As well, if supported, filling this position eliminates the capacity limitations that previously required us to utilize outside CPA firms.</p>
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What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>The State Agency Audits Division would receive the full allocation.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>This entry-level audit position was moved to general funds from earmarked in FY18-19 and filled using agency resources. Filling this position has enabled us to more efficiently manage workload and remove compacity constraints that previously required us to utilize assistance from outside CPA firms. Due to limited agency resources, this position would need general fund appropriations to continue to be filled. If supported, we would need general funds appropriated as follows:</p> <table style="margin-left: 40px;"> <tr> <td>I. Audits – Classified Positions</td> <td style="text-align: right;">\$ 45,000</td> </tr> <tr> <td>IV. Employee Benefits – Employer Contributions</td> <td style="text-align: right;"><u>\$ 21,000</u></td> </tr> <tr> <td>Total Requested</td> <td style="text-align: right;"><u>\$ 66,000</u></td> </tr> </table>	I. Audits – Classified Positions	\$ 45,000	IV. Employee Benefits – Employer Contributions	<u>\$ 21,000</u>	Total Requested	<u>\$ 66,000</u>
I. Audits – Classified Positions	\$ 45,000						
IV. Employee Benefits – Employer Contributions	<u>\$ 21,000</u>						
Total Requested	<u>\$ 66,000</u>						

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	General Funds increase to support State Auditor salary increase and associated Employer Contributions
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$22,270 Federal: 0 Other: 0 Total: \$22,270
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

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ACCOUNTABILITY OF FUNDS	<p>This priority encompasses all goals and strategies outlined in the Accountability Report. The State Auditors position provides leadership and direction in setting expectations for the agency. The State Auditors goals include delivering services that strengthen accountability and transparency, develop and maintaining a professional, high performing workforce, and to manage resources effectively, prudently, and responsibly. These goals include all associated strategies.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>State Agency Administration Division would receive the full allocation.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>The Agency Head Salary Commission approved a salary increase of \$15,568 for the State Auditor effective June 2019. The increase in salary and associated employer contributions were supported by existing agency resources for FY19-20. However, to efficiently and judiciously support the increase, we would need general funds appropriated as follows:</p> <table style="margin-left: 40px;"> <tr> <td>I. Administration – State Auditor</td> <td style="text-align: right;">\$ 15,568</td> </tr> <tr> <td>IV. Employee Benefits – Employer Contributions</td> <td style="text-align: right;"><u>\$ 6,702</u></td> </tr> <tr> <td>Total Requested</td> <td style="text-align: right;">\$ 22,270</td> </tr> </table>	I. Administration – State Auditor	\$ 15,568	IV. Employee Benefits – Employer Contributions	<u>\$ 6,702</u>	Total Requested	\$ 22,270
I. Administration – State Auditor	\$ 15,568						
IV. Employee Benefits – Employer Contributions	<u>\$ 6,702</u>						
Total Requested	\$ 22,270						

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	General Fund increase to Support Data Analytics and Robotic Process Applications
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$65,000 Federal: Other: Total: \$65,000
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What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

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ACCOUNTABILITY OF FUNDS	<p>Strategy 1.1 – Assure our deliverables are timely and meaningful to users, Strategy 1.2 – Maintain our reputation for independence, integrity, and objectivity, Strategy 3.1 – Assure an agile business operation, and Strategy 3.2 - Respond to change by maintaining a strategic focus. The audit profession today is experiencing unprecedented change driven by technological innovations that are evolving how audits are performed. Data analytics and robotic process automation software applications provide enhanced audit quality while freeing auditor time to focus on higher value tasks that require professional judgement and skepticism.</p>
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What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>The State Agency Audits Division would receive the full allocation</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Data analytics applications allow auditors to efficiently produce audit insights. Exponentially more powerful than Excel, long the standard tool for data analysis, data analytics applications can run large volumes of data through a series of algorithms in a matter of seconds, producing visuals and other output which assist the auditor in spotting problematic trends or outliers that may be indicators of audit risk.</p> <p>Robotic process automation is a software application that can be used to perform time-intensive and repetitive, yet critical audit tasks, freeing time for audit staff to spend on higher value-add activities.</p> <p>To support the process of rethinking how we audit, we formed a task force to study audit technology innovations with a focus on data analytics and robotic process automation. Their conclusion is that while these innovations were once viewed as “nice to have”, their use has rapidly become mainstream. Implementing them in our organization is in line with our desire to continually drive audit quality. The task force is currently evaluating off-the-shelf solutions offering integrated data analytics and robotic process automation. Once a solution is selected, the task force will develop a strategy to efficiently implement these innovative tools into our audit process.</p> <p>While cost varies slightly by vendor, this amount will cover the annual cost of the software subscription, vendor support and on-site technology support.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$142,608 <i>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.</i>
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ASSOCIATED FTE REDUCTIONS	None <i>How many FTEs would be reduced in association with this General Fund reduction?</i>
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PROGRAM/ACTIVITY IMPACT	<p>This contingency plan would impact the following areas:</p> <p>Audits Program – General Funds – 0500.000000.000</p> <p>Increase in Classified Positions – 501058 (14,000)</p> <p>Decrease in Unclassified Positions – 501060 111,000</p> <p><u>Decrease in Employer Contributions – 51300 45,608</u></p> <p>TOTAL COST SAVINGS (3% Reduction): 142,608</p>
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What programs or activities are supported by the General Funds identified?

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SUMMARY	<p>A 3% reduction in general funds represents 26% of the agency’s operating budget. Therefore, the agency would need to take the reduction from personal services and associated employer contributions in order to preserve training, technology support, and other operating expenses that are critical to the agency.</p> <p>To support a 3% general funds reduction, the Office of the State Auditor would reclassify the Deputy State Auditor position to a Senior Auditor position and an administrative position would not be filled. The elimination of an executive management position would require the redistribution of duties to other members of senior management, potentially creating workload constraints that would be addressed through a reprioritization of overall duties. While service delivery timeliness and quality would be maintained, strategic initiatives important to the health and sustainability of the agency would receive little to no focus.</p>
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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	NONE
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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?