

**List of Key Officials**

# **State Fiscal Accountability Authority**

**SFAA Budget Request Summary**

**FY 2019-20 Accountability  
Report Summary**

**Ways and Means  
Constitutional  
Subcommittee**

**Priority Budget Request  
Summary**

**FY 2021-22  
Budget Hearing  
January 5, 2021**

**Proviso Request Summary**

**SFAA and Related Provisos**

**Carry Forward**

**FTE Breakdown**



**State Fiscal Accountability Authority  
FY2021-22 Budget Request  
Key Officials**

<b><u>Name</u></b>	<b><u>Position Title</u></b>	<b><u>Email</u></b>	<b><u>Phone</u></b>
Grant Gillespie	Executive Director	<a href="mailto:gillespie@sfaa.sc.gov">gillespie@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



HENRY MCMASTER, CHAIR  
GOVERNOR

CURTIS M. LOFTIS, JR.  
STATE TREASURER

RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



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

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

GRANT GILLESPIE  
EXECUTIVE DIRECTOR

BUDGET & FINANCE  
DENISE M. CARRAWAY, CPA  
DIRECTOR

(803) 737-0500

1201 MAIN STREET, SUITE 430  
COLUMBIA, SC 29201

December 21, 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 sixth 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:**

- The addition of five (5) Other Funds FTEs are requested to serve the E-Portal initiative. No additional spending authorization is requested.



AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

## AGENCY'S DISCUSSION AND ANALYSIS

A Core Value of the State Fiscal Accountability Authority (“SFAA” or the “Agency”) is *Innovation — Adaptable and Proactive*, and FY2019-2020 provided SFAA with numerous opportunities to demonstrate this value as one of the structural foundations of the Agency’s environment. At the start of FY20, SFAA’s Procurement Division (DPS) focused efforts on adapting to 2019 Act 41, which changed the SC Procurement Code, by drafting new regulations and procedures while creating resource tools and training opportunities for the statewide procurement community. The Insurance Reserve Fund adapted and adjusted its catastrophic plan (CAT Plan) based on lessons learned from Hurricane Dorian in the fall of 2019.

With the onset of the COVID-19 pandemic, SFAA’s management quickly adapted to allow the majority of employees to work remotely to protect their health and safety; and collaborated with other agencies and business partners in statewide efforts to combat the pandemic. SFAA IT upgraded networks to allow more employees to have secure remote connections and SFAA HR revised the *Acceptable Use Policy* to increase the Agency’s ability to safeguard and monitor the use of various electronic devices as well as any sensitive data located on such devices.

SFAA’s Procurement Division proactively researched, processed and secured more than 2 million N95 masks, surgical gowns and other PPE for the State Emergency Management Division’s warehouse; secured PPE for 2,261 voting precincts to allow South Carolina’s citizens to safely vote in the June 2020 primary elections; and, collaborated with other state agencies to source and provide PPE and other supplies for the safe re-entry of employees at 76 state agencies. In addition, the Insurance Reserve Fund proactively adapted work processes to maintain all services remotely. Thus, despite the on-going COVID-19 crisis, employees in every area of SFAA adapted and proactively adjusted to seamlessly continue to accomplish the Agency’s overall mission, strategy, and goals.

Established by the Restructuring Act of 2014, Act 121, SFAA is comprised of the Insurance Reserve Fund Division and the Division of Procurement Services. 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.

### **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

AGENCY NAME:  
AGENCY CODE:

State Fiscal Accountability Authority

E550

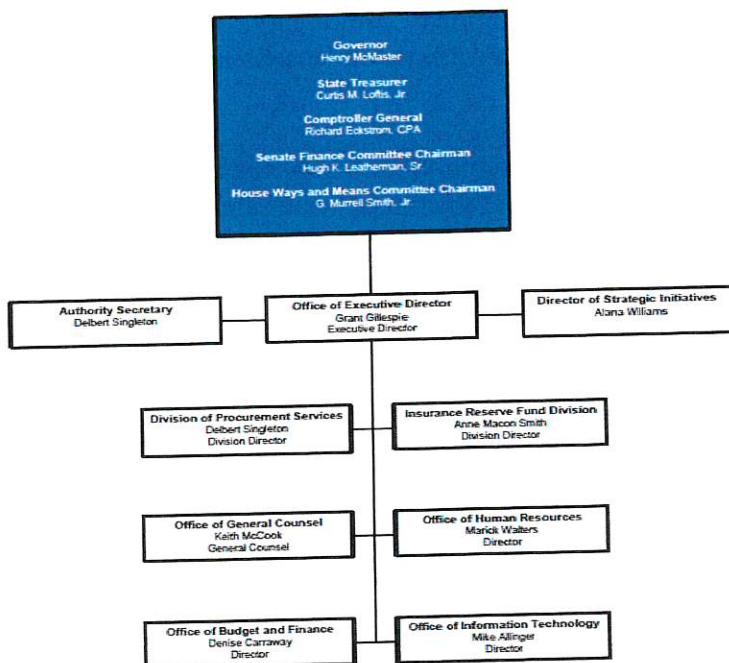
SECTION:

104

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.

## Organization Chart

### STATE FISCAL ACCOUNTABILITY AUTHORITY



September 2020

## MAJOR ACHIEVEMENTS DURING FISCAL YEAR 2019-2020

### 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. Some accomplishments achieved by these offices in FY 2019-2020 include the following:

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

##### A. Implemented Changes to the SC Procurement Code

Following the passage of 2019 Act 41, which changed the SC Procurement Code, the OSP took steps to implement the new Act, including:

- 1) Regulatory related drafting, approval and publication
  - Submitted Interim Regulations to the SFAA Authority Board for review and approval.

AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

- Published an updated Procurement Code and Regulations Handbook and published guidance on the changes resulting from the Act on the Division Website.
- Submitted proposed Permanent Regulations to the SFAA Authority Board for publication in the South Carolina State Register.
- Worked with SFAA Office of General Counsel to develop procedures for new source selection method.

2) Professional Training and Public Information

- Prepared and presented five webinars on various aspects of the Act that impact agencies the most. Recordings of these webinars were also made available on the Division's Website.
- Provided training on Procurement Code changes at both the Procurement Directors' Conference and Facility Directors' Conference. Integrated changes into existing training programs offered by DPS.
- Presented changes to the South Carolina Association of Governmental Purchasing Officials (SCAGPO) and to vendors at a vendor outreach meeting.

**B. Contract Management and Assistance**

- In FY 2019-20, the contract results provided by OSP are as follows:

Total Contracts Awarded		State Term Contracts		Agency Contracts	
876	\$4.2 Billion	555	\$3.1 Billion	321	\$1.1 Billion

- OSP established new State Term Contracts for DUO Multi-Factor Authentication Software as a Service (SaaS), PC Matic Pro security software, Ruckus Wireless network hardware, Solarwinds IT management/remote monitoring software, Carbon Black security software, Juniper Networks security software, Sandbags for emergency preparedness, and Electrostatic disinfection services.
- 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	\$5.8 million
Negotiated Savings	\$38.7 million
Reverse Auction Savings	\$2 million
<b>Total Savings</b>	<b>\$46.5 million</b>

**C. COVID-19 Emergency Resource Response**

- Supported SCEMD – 3 OSP employees logged 84 days at the SEOC while the remainder of OSP staff supported emergency operations remotely.

AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

- OSP purchased PPE for the SCEMD warehouse including:
  - 2,374,845 N95 masks
  - 3,542, 975 surgical masks
  - 812,514 units of eye protection
  - 9,966,581 surgical gloves, and
  - 2,588,446 hospital gowns and protective suits
- OSP provided COVID-19 Emergency assistance to the following statewide efforts:
  - SC Election Commission Support – sourced and provided PPE to supply 2,261 voting precincts for Primary Elections held on June 9, 2020.
  - SC Department of Social Services – coordination of delivery of PPE and cleaning supplies to 740 childcare centers across the State to maintain childcare services.
  - Return to Work Project – in coordination with EMD, DOT, and Department of Administration, sourced and provided PPE and other supplies for safe re-entry to 76 state agencies.
- Developed a vendor list for the COVID-19 pandemic response supplying a single source for entities looking for personal protective equipment and other related goods and services.
- Published guidance to agencies for COVID-19 response on Division Website regarding contract information, Executive Order 2020-01 and Emergency Procurements, COVID-19 Emergency Procurement Determination form, US General Service Administration Disaster Relief Program, Purchasing Card (P-Card) Emergency Status procedures and other critical information.

## 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 2019-2020, OSE provided the following services:

Services Provided	Totals
Architectural/Engineering Approved Contract Awards	261 = \$73 Million
Construction Contracts and Contract Change Orders	104 = \$991.4 Million
Permanent Improvement Projects for Agencies	140 = \$1.5 Billion
Building Permits	119
Certificates of Occupancy	116
Flood Permits	22

- OSE planned and conducted a three-day Facility Directors Conference at Hickory Knob in October. Subjects presented included OSE Manual revisions, the Executive Budget Office, new procurement methods for A/E's and Construction, and Guaranteed Energy Savings Contracts.

AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

- OSE finalized and published the 2020 OSE Manual for Planning and Execution of State Permanent Improvements.
- OSE finalized and published the SCOSE version of the 2017 AIA contracts for A/E services and design-bid-build procurement.

### **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 12 agencies in FY 2019-2020. Ten were of agencies with procurement certification greater than \$50,000 and 2 were of agencies with base procurement authority of \$50,000. Also conducted one follow up audit.

B. Statutorily required reports:

- Compiled five statewide quarterly reports based upon information received from all state governmental bodies for the following procurement types: Sole Source and Emergency procurements; Trade-in Sales; Unauthorized procurements; 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.

C. Coordinated with Office of General Counsel for drafting revised Model School District Procurement Code pursuant to Act 41.

### **4. Increased training and professional development opportunities.**

- Formed Training and Development Advisory Committee and began standardizing recommendations for the knowledge, skills, and education requirements for state procurement positions.

### **5. Provided emergency support for Hurricane Dorian.**

- Twelve OSP employees provided approximately 125.75 hours of support to Emergency Operations (ESF-7).
- OSE personnel staffed the Emergency Support Function – Public Works & Engineering in the State Emergency Operations Center during and after Hurricane Dorian.

### **6. Continued development of eProcurement Solution Project**

- Continued process to secure and implement new eProcurement Solution system (formerly eCatalog) that will streamline the purchasing process, gather more precise data, and provide a more efficient process of collecting vendor fees.

### **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

AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

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 2019-2020 include the following:

**1. Effectively implemented the IRF Catastrophic (CAT) Plan to handle a catastrophic event**

- For the fifth consecutive year, the State experienced a natural catastrophe — Hurricane Dorian in September 2019 (estimated incurred loss of \$5.4 Million) involved 55 claims with 528 individually insured segments. Prior planning and successful implementation of the IRF CAT plan supported the proper allocation of resources in handling the claims resulting from Hurricane Dorian.
- In early 2020, the IRF closed the last claims relating to Hurricane Florence (\$10.3 million paid by IRF and \$254,000 recovered through reinsurance) and Hurricane Michael (\$455,000 paid by IRF).

**2. Renewed property reinsurance**

- IRF successfully renewed property reinsurance coverage in a challenging marketplace by preserving its existing reinsurance capacity level (100-year storm) and maintaining the existing deductible. This renewal was achieved despite the IRF seeking significant reimbursements from the reinsurance markets in recent years due to multiple hurricanes.

**3. Successfully solicited and issued contracts for essential coverage and services**

- Solicited and procured a contract for Building Valuation Services to maintain a strong insurance to value program; strengthen the data used to successfully obtain property reinsurance; and minimize disputes related to value in the event of a property loss.
- Completed a procurement solicitation to award the contract for an Ocean Marine Broker to provide ocean marine insurance to those insureds with oceangoing vessels and cargo.

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

- Implemented a new Medical Repricing database for SIF to replace the current platform and update the existing database that was no longer supported.

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

- Addressed the need to maintain actuarially adequate rates to provide long term financial stability of the Fund going forward by obtaining approval of statewide rate increases in December of 2019 for the Tort, Professional Liability and Automobile Comprehensive & Collision lines of insurance.
- Completed customer outreach to provide alternative options to customers to minimize the impact of the rate increase on insureds' budgets.

**Agency-Wide**

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

**A. Authority Meeting and Agenda Process**

The Authority held nine meetings during Fiscal Year 2019-2020. 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.

AGENCY NAME:	State Fiscal Accountability Authority		
AGENCY CODE:	E550	SECTION:	104

**B. 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.

**C. Authority Records Archiving**

Continued initiative to scan and convert historical agendas and meeting documents from the Authority and its predecessor Board to be placed on the SC Department of Archives and History website with search and retrieval capabilities for the public.

**2. Assistance to Agency Head Salary Commission**

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. Information Technology improvements and cost-savings realization**

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

- Strategically planning and successfully completing migration of all desktops/ laptops from end of life operating system Windows 7 to Windows 10. Also migrated all end of life servers running Windows 2008 server to Windows 2016 servers.
- Working closely with DTO leadership to determine other mechanisms for assisting staff with work remotely such as introducing Virtual Desktop Infrastructure (VDI) to securely access SFAA network resources. Also enabled the Office365 portal to give staff the ability to use Office365 from their own devices if needed to update Word, Excel or other Office related files.

**B. SFAA workforce opportunities**

- The Human Resources Office implemented “Lunch and Learn” sessions presented by subject matter experts to allow employees the opportunity to gain valuable knowledge on topics such as benefits, retirement, cultural events, etc. while enjoying lunch with co-workers.
- Initiated an annual Harvest Hope Donation Program that allows employee to work with their co-workers to help address the needs of fellow South Carolinians.

**4. Implemented Strategic Planning Initiatives**

**A. Conducted regular Management meetings**

The Senior Management team met regularly to determine progress toward Agency goals and objectives.

**B. Refresh and Update Division Websites**

Developed working groups to substantially review and update content on division webpages in preparation for webpage redesigns that will create a more user-friendly customer experience.

**C. Captured and documented SFAA business process functions**

Continued identifying and mapping division business processes, aligning processes with the Agency mission, good governance, compliance and risks, controls, results and efficiencies.

### **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 five 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 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 procurement trade groups, interstate networks and professional consulting firms.

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

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

FY 21-22 Budget Priorities Summary							
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
1. adjustment	E-Portal		Establish FTES to serve the E-Portal initiative.				



Constitutional Subcommittee Proviso Request Summary FY 2021-22					
Proviso # in FY 19-20 Act	Renumbered FY 21-22 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.	Amend	

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
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.	Keep
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
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

				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.	
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
117.120	117.115	GP: State Engineer	Directs that the State Engineer is an office located within SFAA.	Keep
117.137	117.129	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**

**117.115** (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**

**117.129.** (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.

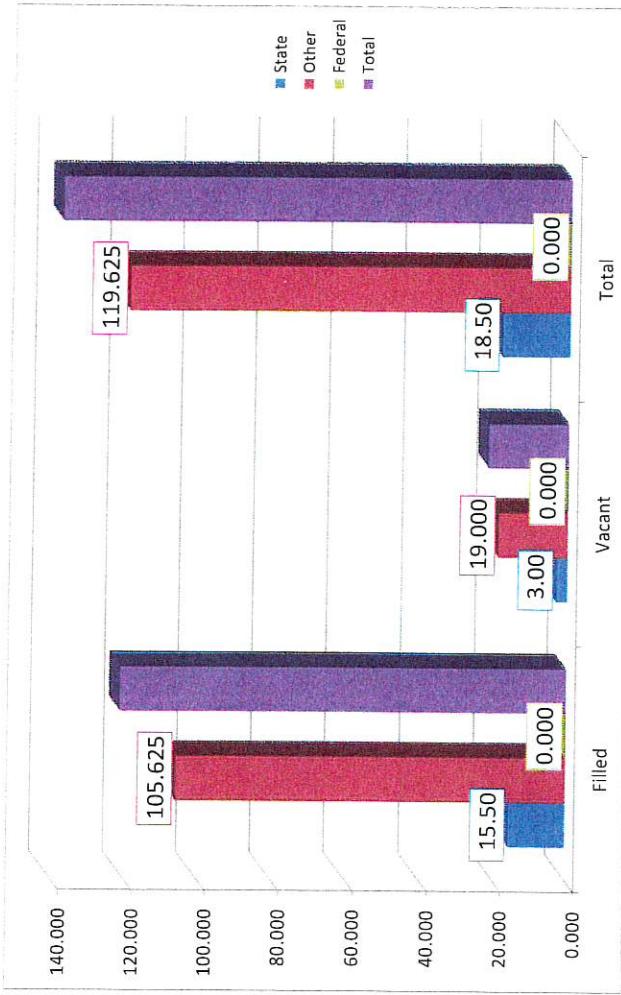
**Action Requested: Keep**

STATE FISCAL ACCOUNTABILITY AUTHORITY			
SUMMARY OF CARRY FORWARD AND CURRENT CASH BALANCES			
FISCAL YEAR 2020 CARRYFORWARD TO 2021			
		Balance	
Office / Description		Fund	6/30/2020
<b>Insurance Trust Funds</b>			
<i>Insurance Reserve Fund</i>			
*	IRF Trust Fund	4161	510,909,017
*	Insurance Reserve Fund Administration	4144	282,974
*	Sale of Assets	3958	20,746
<i>Second Injury Fund</i>			
*	SIF Trust Fund	4260	239,149,077
*	SIF Administration	4799	47,749
*	Sale of Assets	3958	75
<b>Subtotal</b>			<b>750,409,638</b>
<b>Funds Held as Agent for Other Governmental Units or Persons</b>			
Ordinary Sinking Fund		4154	
<b>Subtotal</b>			<b>-</b>
<b>Business Operations Financed by User Charges</b>			
<i>Procurement Services Division</i>			
General Fund		1001	170,021
Special Operating		3417	8,025,937
Sale of Assets		3958	660
<b>Subtotal</b>			<b>8,196,618</b>
<i>SFAA-Administration</i>			
Special Operating		3417	1,022,762
Sale of Assets		3958	140
<b>Subtotal</b>			<b>1,022,902</b>
<b>Grand Total</b>			<b>759,629,159</b>
* Indicates those funds that are subject to Federal repayment.			



## State Fiscal Accountability Authority

### FY 2020-2021 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
Total	18.500	119.625	0.000	138.125

