

A Review of Agency Restructuring and the Business Enterprise Program at the South Carolina Commission for the Blind

BACKGROUND

We were asked to conduct a performance audit of the S.C. Commission for the Blind (SCCB). This review focused on the issues of restructuring the SCCB and on the operation of the agency's Business Enterprise Program (BEP).

Our objectives included:

- Determining the advantages and disadvantages of combining SCCB with another state agency.
- Examining the sources and uses of funds for the BEP.
- Reviewing the process used for the selection, transfer, and promotion of blind vendors.
- Reviewing the overall management of the BEP.

In our July 2002 audit of the S.C. Commission for the Blind, we made recommendations to the Commission and the General Assembly. In our follow-up, we found that SCCB has generally implemented the recommendations. SCCB promulgated regulations which became final in March 2004 addressing the LAC recommendations. In addition, the General Assembly has implemented our recommendation to establish a set-aside for the BEP program and has legislation pending which would address restructuring.

STATUS OF LAC RECOMMENDATIONS		
	MADE	IMPLEMENTED
Legislative	3	1 (33%)
Agency	20	18 (90%)
TOTAL	23	19 (83%)

AGENCY RESTRUCTURING

The General Assembly has not restructured the Commission for the Blind with the South Carolina Vocational Rehabilitation Department (SCVRD) as recommended in the audit. During the 2003-2004 legislative session, five bills were introduced in the S.C. House of Representatives to reorganize South Carolina's health and human services agencies which include SCCB and SCVRD. All of these bills combined SCCB with SCVRD. However, only one of these bills passed the House of Representatives, and the provision combining SCCB with SCVRD was deleted prior to its passage.

During the 2004-2005 legislative session, two bills were introduced in the S.C. House of Representatives to combine the SCCB with SCVRD. Both of these bills were sent to the House Ways and Means Committee. In addition, an amendment was added to a Senate bill which would move SCCB under SCVRD. This bill was sent to conference committee which did not reach agreement as of the end of the 2005 legislative session.

MANAGEMENT OF THE BUSINESS ENTERPRISE PROGRAM

A combination of federal and state law allows the SCCB to operate vending facilities in any public property to provide blind persons with employment. The BEP program operated 112 stands in federal FY 03-04 with net income ranging from a low of \$452 to a high of \$516,601. There were 27 (24%) of the stands with net income less than \$10,000.



METHODOLOGY

We received information from the Commission for the Blind regarding the implementation of the audit's recommendations and also reviewed state laws and regulations. We verified information regarding SCCB's implementation of our recommendations where appropriate.

FOR MORE INFORMATION

Our July 2002 full report, its summary, and this document are published on the Internet at

www.state.sc.us/sclac

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In 2002, we recommended that the General Assembly eliminate the requirement that South Carolina have a Business Enterprise Program (BEP) or require alternative sources of funding to replace the use of federal and state funds. The General Assembly did not eliminate the program. However, a proviso in the FY 05-06 Appropriations Act requires the commission to collect a set-aside of vendor income ranging from 10% to 20% for stands with net income over \$30,000 per year. It is estimated that this will generate approximately \$258,000 annually to help offset the cost of the BEP program.

We made recommendations to improve the program if it were continued. The SCCB has promulgated regulations that encourage the use of blind assistants, require vendors to work certain hours, require agency approval before putting vending machines on full-service, and address replacing vendors who are unable to work their stands. SCCB is also examining its vending routes to eliminate those which are not suitable for a blind vendor to operate due to the number of miles the vending route covers.

SCCB has promulgated regulations requiring repayment of vendor debt and participation in the setoff debt collection program at the Department of Revenue. As of December 2004, there were 13 vendors with total outstanding debts of approximately \$25,000 in the BEP program. In FY 03-04 SCCB collected \$1,634 through the setoff debt program.

SCCB has also promulgated regulations concerning vendor selection. These regulations include:

- Selection criteria with greater emphasis on financial performance and less emphasis on seniority.
- Annual performance review of vendors.
- Orientation for the BEP selection committee.

The regulations also require an independent business person to serve on the BEP selection committee. As of June 1, 2004 three independent businessmen were appointed to serve on the BEP selection committee.

ADMINISTRATIVE ISSUES

The commission has implemented an equipment purchase procedure to improve its controls over the procurement process. As of May 2005, SCCB reported that the agency's computerized inventory system was 90% operational.

In our 2002 audit, we found that the commission was not completing initial eligibility determinations within 60 days, as required by federal regulations. We recommended that the agency take steps to meet that requirement and also that it report its progress in meeting the federal requirement in its annual accountability report. SCCB's annual accountability report now includes information on its compliance with meeting the eligibility requirement. However, according to these reports, SCCB's 60-day compliance rate has decreased from almost 90% in FY 01-02 to less than 80% in FY 03-04.