

A Review of the Budget and Control Board's Energy Office Operations and the Board's Hiring Practices

BACKGROUND

In May 2002, we published an audit which focused on operations of the South Carolina Energy Office (SCEO), an office of the Budget and Control Board (B&CB). We reviewed the administration of energy loans and grants by the SCEO.

In addition, we reviewed the hiring practices of the Budget and Control Board.

Overall, four of the five recommendations made in our report have been implemented and one recommendation is no longer applicable. We made four recommendations which applied to the South Carolina Energy Office (SCEO) and one recommendation which applied to the Budget and Control Board (B&CB). In our follow-up review, we concluded that the SCEO has implemented three of the four recommendations that we made and that one recommendation is no longer applicable. The Budget and Control Board has also implemented our recommendation regarding the posting of classified positions. The status of each recommendation is detailed below.

1. The SCEO should update written procedures for the ConserFund Revolving Loan Program.

The office has implemented this recommendation. The ConserFund Revolving Loan Program is for energy efficiency projects for the public sector and for non-profit agencies. In our original audit, we cited important details that were not included in the ConserFund loan procedures. For example, the allowance for multiple loan projects in excess of \$500,000 to the same client was not included in the procedures. According to ConserFund procedures, last updated in February 2006, the maximum amount for multiple loans in one fiscal year is \$500,000. Also, in 2002, the yearly allocation of \$2 million for loans was not noted in the loan procedures. According to an SCEO official, there is now no specific yearly allocation amount for loans.

2. The SCEO should market the availability of other PVE grant funds to ensure that potential recipients are aware of funding.

The office has implemented this recommendation. Petroleum Violation Escrow (PVE) funds resulted from litigation by the U. S. Department of Energy (USDOE) against oil companies which overcharged for oil from 1973 to 1981. The funds are distributed on a pro-rata basis from USDOE to the states. The SCEO did not market the availability of other PVE grant funds to the general public. As a result, only those individuals who were aware of available grant funds had an opportunity to apply for and receive funds.

In 2003, the SCEO implemented the Community Services Facilities Initiative Program. This program replaced other PVE grants. PVE monies were available for energy efficiency improvements to community services' facilities in low-income areas of the state. The program was publicized on the office's website and members of the Energy Advisory Committee were asked to promote the project.



METHODOLOGY

We received information from the B&CB regarding the implementation of the audit's recommendations. We reviewed this and other information, interviewed officials, and verified supporting evidence as appropriate.

FOR MORE INFORMATION

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

www.state.sc.us/sclac

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3. The SCEO should develop guidelines for the selection of other PVE grantees.

The office has implemented this recommendation. The Community Services Facilities Initiative (CSFI) program replaced the other PVE grants program in 2003. Office staff has developed guidelines for the CSFI which include criteria for program participation.

4. SCEO staff should follow up with grant recipients to determine if energy costs have been reduced.

According to a B&CB official, the SCEO no longer makes energy grants, thus this recommendation is no longer applicable. In 2002, SCEO required grantees to compare utility costs before improvements were made to utility costs one year later. Our review found that SCEO had not followed up with grant recipients in all cases.

5. As required by state human resources regulation 19-703.02 and §8-11-120 of the South Carolina Code of Laws, the Budget and Control Board should advertise all classified positions.

This recommendation has been implemented. The Budget and Control Board has advertised classified positions, as required by state law and human resources regulation, since our initial audit. We reviewed documentation of 11 (50%) of the 22 employees hired at a salary of \$50,000 or more during FY 04-05. The B&CB had documentation of job postings, applicant lists, and interview lists for all of these classified positions.

The B&CB stated that, while it is posting all classified position vacancies in accordance with state law and regulation, there may be exceptions in cases where transitional support would be provided for newly-elected constitutional officers. We requested a list of all classified employees hired during the "transitional" time from the latest general election (2002). There were no classified employees hired by the B&CB for any of the constitutional officers. According to a B&CB official, the board did hire one person into an unclassified position and 10 employees into temporary positions for three different constitutional offices; however, there are no requirements that unclassified or temporary positions be advertised.