

LAC

A Review of the State Operations of the Adjutant General

December 2000

Members of the General Assembly requested that we review the state operations of the Adjutant General (AG), with a focus on program management and compliance. Our review found several areas where program management and controls could be improved and other areas where we did not identify significant problems.

FACILITIES MANAGEMENT

The federal government contributes 75% of the funding to construct armories. However, the state is primarily responsible for maintaining the facilities. State funding has been insufficient to adequately maintain the armories. The AG's annual armory inspections rated more than half of the armories as "red" for bad condition. The AG should take several actions to improve facilities management.

- # Improvement is needed in determining maintenance priorities. Nearly all (474 of 479) work orders we reviewed were categorized as "routine"; one "emergency" air conditioning of a drill hall was inappropriate.
- # The AG should maintain a current list of deferred maintenance items.
- # The AG should use information obtained in inspections to help determine maintenance needs and priorities, and maximize the use of federal funds available for some maintenance projects.
- # We did not identify problems with the Adjutant General's criteria for closing or constructing armories. Since 1990, the AG has closed nine armories and constructed seven. Decisions are based on demographics, condition of existing facilities, federal military directives, funding, and community factors.
- # The Adjutant General's use of capital improvement bonds has been authorized in compliance with state laws and regulations. However, the AG has not always had appropriate controls to ensure that projects are adequately monitored.

Moncks Corner Armory



Source: Adjutant General's Office.

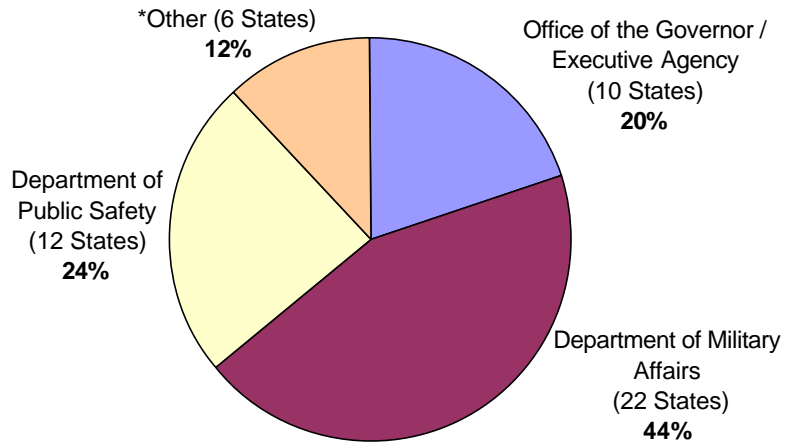


EMERGENCY PREPAREDNESS

In South Carolina the emergency preparedness division is within the Office of the Adjutant General. We obtained information about the location of emergency management agencies in other states and found there is no consensus on the placement of emergency management (see Graph).

All states' emergency management agencies, except in South Carolina, are in a direct chain of command to the Governor. South Carolina is the only state in which the Adjutant General is elected. However, we did not find substantial evidence that the structure of emergency management has caused serious problems.

Placement of Emergency Management



See full report for notes.

FUNDING THE STATE PENSION

The state pension benefit for members of the National Guard has not been adequately funded. Deficiencies in funding may violate the South Carolina Constitution, which requires that pension benefits be funded on a sound actuarial basis.

The Adjutant General has obtained actuarial valuations and requested funding, but the General Assembly has not appropriated the recommended amounts (see Table). Although state law mandates that the Budget and Control Board be involved in determining the appropriate level of funding, the board has not been involved in this process.

ACTUARY-RECOMMENDED FUNDING AND APPROPRIATIONS FOR THE NATIONAL GUARD PENSION FUND			
YEAR	RECOMMENDED FUNDING	APPROPRIATION	SHORTFALL
FY 95-96	\$2,499,066	\$2,499,065	•
FY 96-97	\$3,084,972	\$2,499,065	\$585,907
FY 97-98	\$3,084,972	\$2,499,065	\$585,907
FY 98-99	\$3,199,570	\$2,499,065	\$700,505
FY 99-00	\$3,199,570	\$2,499,065	\$700,505
FY 00-01	\$2,996,257	\$2,499,065	\$497,192

See full report for table notes.

MANAGEMENT CONTROLS

The AG has not implemented adequate controls to ensure accurate leave reporting by state employees who are also members of the National Guard. A review of records indicated that some employees have received unauthorized dual compensation; that is, they have been paid by both the state and federal governments for the same days of service in excess of allowed military leave.

- # Records indicated that 8 (38%) of the 21 state employees in our sample received unauthorized dual compensation. For individual employees the number of days ranged from 1 to 11.
- # For three employees, the AG did not reflect leave taken in the employee's official leave summary. This also would result in unearned dual compensation.

- # When we reviewed records to determine if employees had taken more military leave than the 15 days allowed, we found no material problems.

HIRING PRACTICES

We found that the AG generally has controls to ensure that employees are qualified for their positions. However, the agency should:

- # Obtain appropriate equivalency approvals from the Budget and Control Board.
- # Require documentation for applicants' educational attainments.
- # Revise its interview and selection policy.

INADEQUATE CONTROLS OVER TUITION ASSISTANCE FUNDS

Some participants in the National Guard tuition assistance program who did not meet program requirements received tuition assistance, and others were overpaid for courses completed.

- # In a sample of 48 program participants, we found that, contrary to program requirements, 4 participants received tuition assistance for courses in which they did not earn at least a "C."
- # The AG has not adequately pursued collection of funds owed to the program. When recipients leave the National Guard prior to completing their two-year obligation, they are supposed to repay their tuition assistance. Only \$4,192 (3%) of \$152,287 in debts owed to the program has been collected.

EMPLOYER SUPPORT PROGRAM BENEFITS THE GUARD

Participation in the Employer Support for the Guard and Reserve (ESGR) program offers substantive benefits to the National Guard at a minimal cost to the state.

- # The ESGR committee is a network of volunteers who act as intermediaries between soldiers and their employers.
- # Feedback from employers has led to changes in the guard's policies.
- # Employers who participate in "bosslifts" are educated about the National Guard.
- # State costs, comprised of administrative staff time and travel, are minimal.

STATE OPERATIONS OF THE NATIONAL

The Adjutant General's office administers the South Carolina Army National Guard and the South Carolina Air National Guard. The AG has both a federal mission and a state mission.

The federal mission is to provide trained military personnel and operational military equipment to support the President in defending the U.S. Constitution.

The state mission is to support the citizens of South Carolina and local authorities before, during, and after a natural disaster as well as to support the military mission through the maintenance of facilities and other direct support functions.

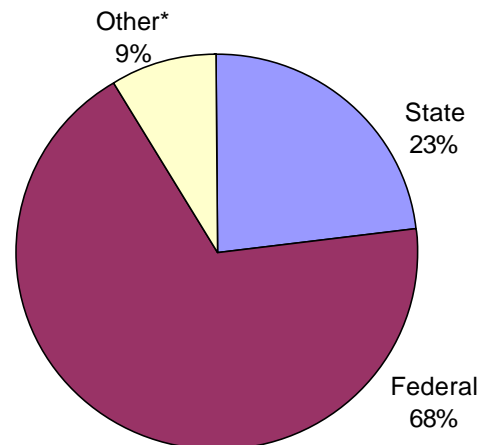
STATE FUNDING IS A SMALL PORTION OF NATIONAL GUARD RESOURCES.

As a state agency, the AG had expenditures of \$59,114,530 in FY 99-00. Of this amount, \$13,824,445 (23%) was state appropriations (see Graph). As of March 2000, the agency had 182 FTE positions for state employees; more than half of these (103) were federally funded.

In addition to funds expended through the state budget, much of the National Guard's operation is funded directly by the federal government. AG officials estimate that total funding for the National Guard was more than \$200 million for federal FY 99-00.

State resources are primarily used for the overall administration of the agency, armory operations and maintenance, and the emergency preparedness division. State tuition assistance and the state pension benefit for guard members are other programs funded by the state.

Adjutant General Expenditures
FY 99-00



See full report for notes.

This document summarizes our full report, *A Review of the State Operations of the Adjutant General*. Responses from the Adjutant General are included in the full report. All LAC audits are available free of charge. Audit reports and information about the LAC are also published on the Internet at www.state.sc.us/sclac. If you have questions, contact George L. Schroeder, Director.