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**Nikki R. Haley**  
Governor

**Cheryl M. Stanton**  
Executive Director

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November 14, 2014

The Honorable W. Brian White  
Chairman  
House Ways and Means Committee  
525 Blatt Building  
Columbia, SC 29201

Dear Chairman White,

In accordance with Proviso 117.99 of the South Carolina FY2014-2015 Appropriation Act, please accept a copy of the South Carolina Department of Employment and Workforce (DEW) Workforce Investment Act Annual Report.

The report provides information on funding for marketable work skills training as well as detailed information on workforce training efforts throughout the state in Program Year 2013.

Additionally, Proviso 117.99 asks for information on agency restructuring or realignment including changes in staffing levels. This information is provided below.

In July 2013, the agency reorganized the direct reporting relationship to the Executive Director to functionally align the reporting structure and provide further synergies and oversight. This review necessitated the creation of the Chief Legal Officer position and Organizational Integrity Division. The Chief Legal Officer position oversees the Appellate Division and the Office of General Counsel to provide greater accountability, consistency, cohesion, and greater legal strategic planning at the agency wide level. This additional oversight has provided the necessary structure to meet and exceed federal performance measures with minimal staffing impact. In this transition, the Director of the Appellate Division position was eliminated and additional hearing officers with legal degrees and expertise were hired.

The creation of the Organizational Integrity Division enhanced and expanded the traditional singularly focused Internal Audit function to encompass compliance, risk management, fraud, and information security. In the expansion and organizational movement of this vital function, the traditional Internal Audit Director role was eliminated. The Chief Information Security Officer (CISO) and Fraud, Investigation, Recovery, and Enforcement (FIRE) Director roles were created. As information security and the protection of the Unemployment Insurance (UI) Trust Fund are top agency priorities, this realignment was necessary to singularly focus agency goals.

The CISO role provides leadership and direction for the enterprise information security program and is responsible for the business-aligned security and IT risk management strategy.

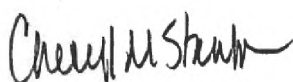
In the fall of 2013, the agency began to evaluate the UI improper payment and related collection business processes. After performing a gap assessment of the current processes and internal controls, the agency made the decision to create the FIRE Unit which is an enhanced function of the former Benefit Payment Control (BPC) Unit of the Unemployment Insurance Division. The transition to the FIRE model and hire of a FIRE Director allows the agency to focus on audit detection, investigations, and recovery enforcement. As a result of the creation of the FIRE unit, the agency is better positioned to protect the trust fund through greatly reducing improper payments and fraud. In this exhaustive review and reorganization, the agency consolidated cashiering functions from the BPC unit with the UI Tax cashiering functions. As a result, four positions were eliminated by reduction in force to consolidate the functions. The employee with the most retention points in the reduction in force was offered a vacant position in the UI Tax Cashiering Unit. The other three individuals were given priority consideration for all agency vacancies for which they applied and qualified. These individuals were separated due to reduction in force effective March 28, 2014. As a result of the creation of the FIRE Unit, the agency has reversed the trend of growing negative debt and is on the upswing of collecting outstanding debt of improper payments.

In April 2014, the agency entered a contract to outsource law enforcement and asset protection functions for the Columbia campus of the agency. The agency desired the flexibility of additional staffing during peak periods and armed security during business hours. The Columbia campus buildings engage in a variety of sensitive activities to include daily cash handling, escalated customer service issues, and unemployment benefit hearings. In this transition, the agency conducted a reduction in force and three covered positions were eliminated.

As the agency strives for constant improvement, transparency, and efficiency in service delivery, the Workforce and Economic Development Division's central office functions have been reorganized, a Policy and Procedure Department has been created to facilitate collaboration, and quantifiable quality measures are being revamped to measure agency outcomes - all without the loss of positions.

Please contact Jean Cecil Frick at [jfrick@dew.sc.gov](mailto:jfrick@dew.sc.gov) or 803-737-0089 if we can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl M. Stanton". The signature is fluid and cursive, with the first name "Cheryl" being more prominent.

Cheryl M. Stanton

## Attachments

cc: Chairman of the Senate Finance Committee  
Chairman of the Senate Labor, Commerce and Industry Committee  
Chairman of the House Labor, Commerce and Industry Committee