

OTHER ELECTIVE 12-00-00

Other Elective

Lieutenant Governor

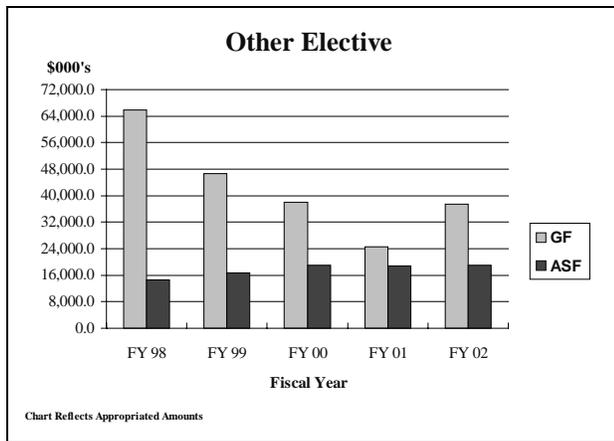
Auditor of Accounts

Insurance Commissioner

State Treasurer

- Regulatory Activities
- Bureau of Exam, Rehabilitation and Guaranty

- Administration
- Debt Management
- Refunds and Grants
- (Not a Unit for Budgeting Purposes)



BUDGET

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	38,099.6	24,663.0	37,387.7
ASF	18,985.1	18,858.7	18,964.7
TOTAL	57,084.7	43,521.7	56,352.4

POSITIONS

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	71.0	74.0	74.0
ASF	82.0	82.0	80.0
NSF	1.0	2.0	2.0
TOTAL	154.0	158.0	156.0

FY 2002 BUDGET HIGHLIGHTS

OPERATING BUDGET:

Lieutenant Governor

- ◆ Recommend one-time funding of \$3.7 in the Budget Office's contingency for personal computers.

Auditor of Accounts

- ◆ Recommend enhancements of \$246.5 to Contractual Services for the implementation of GASB 34 and (\$500.0) ASF for Contractual Services paid to CPAs. Agencies will send payments directly to the CPA.
- ◆ Recommend one-time funding in the Budget Office's contingency of \$35.4 in ASAP project training.

Insurance Commissioner

- ◆ Recommend inflation adjustment of \$26.4 ASF in Personnel Costs; \$0.6 ASF in Supplies and Materials; and \$1.0 ASF in Capital Outlay for position support costs.
- ◆ Recommend inflation adjustments of \$139.9 ASF to Contractual Services for in-house examiners to examine financial statements of insurance companies; \$14.1 ASF in Supplies and Materials; and \$270.0 ASF to contract examiners for consultants in the field.

State Treasurer

- ◆ Recommend inflation adjustments of \$12.5 in Personnel Costs; \$6.6 ASF in Personnel Costs; and \$100.0 ASF in Banking Services to cover the additional costs for increasing numbers of electronic transactions.
- ◆ Recommend inflation adjustment of \$550.0 to the Deferred Compensation Program for annualization and costs of increased participation.
- ◆ Recommend enhancement of \$5.0 in Personnel Costs to hire casual/seasonal interns.

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LIEUTENANT GOVERNOR 12-01-01

MISSION

To promote citizen access to government and its services and continuously improve the quality and effectiveness of state government.

KEY OBJECTIVES

- Create and promote opportunities for state agencies to “reinvent” themselves and improve service to the customers of state government.
- Provide citizens with an understanding of and access to state government agencies, connecting them with appropriate resources and information when necessary.
- Promote adult education as a tool for strengthening families and the economy and keeping Delawareans off welfare and out of prison.

BACKGROUND AND ACCOMPLISHMENTS

The constitutional duties of the Lieutenant Governor are President of the Senate and President of the Board of Pardons. The office also handles constituent service work.

BUDGET

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	321.8	350.5	356.4
ASF	--	--	--
TOTAL	321.8	350.5	356.4

POSITIONS

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	6.0	6.0	6.0
ASF	--	--	--
NSF	--	--	--
TOTAL	6.0	6.0	6.0

ACTIVITIES

The duties and activities of the Lieutenant Governor and staff include the following:

- President, Delaware State Senate.
- President, Board of Pardons.
- Member, State Budget Commission.

- Chair, Interagency Council on Adult Literacy.
- Chair, Committee to Improve Parental and Family Involvement in Education.
- Member, National Conference of Lieutenant Governors.
- Member, Council on Greenways and Trails.
- Member, Delaware River and Bay Oversight Committee.
- Member, United Way Campaign Cabinet Committee.
- Liaison between public and state agencies.
- Staff membership on Governor’s Council on Equal Employment Opportunity.
- Advocate for state government and personnel reform.
- Advocate for small business.
- Spokesperson for Safe Kids Coalition.
- Honorable Chair, Read Aloud Delaware.
- Honorable Chair, State Employees Charitable Campaign.
- Honorable Chair, Rotary Chemo-Care Package Project.

PERFORMANCE MEASURES

The following are Fiscal Year 2002 goals of the Office of Lieutenant Governor:

- **Adult literacy.** Insure adequate funding and staffing levels for adult learning programs as accountability reforms are implemented in public schools.
- **Education:** As chair of the Committee to Improve Parental and Family Involvement in Education, formulate and implement a strategic plan to encourage parents and families to become involved in the education of their children.
- **Constituent Service.** Continue to provide timely assistance to Delaware citizens in need of help by connecting them with proper agencies and people within state government.

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AUDITOR OF ACCOUNTS

12-02-01

MISSION

The mission of the Office of Auditor of Accounts is to benefit all Delaware citizens and government leaders and managers by providing high quality audit, review, and investigative services to improve the fiscal integrity and the efficiency, economy and effectiveness of state government operations.

KEY OBJECTIVES

- Issue timely reports that enhance public accountability and stewardship of state and federal government programs and operations.
- Provide high quality services in carrying out the office's responsibilities and in responding expeditiously to customers' concerns.
- Maintain a work environment that fosters and values: trust, competence, open communications and the professional and personal satisfaction of all office personnel.

The broad objectives of the Federal Single Audit Section are to perform a post audit of all federal programs for which the State of Delaware receives funding from the federal government to:

- Determine whether the State of Delaware's internal control structure provides reasonable assurance that federal financial assistance programs are managed in compliance with applicable laws and regulations.
- Determine whether the State of Delaware complies with the requirements that are applicable to all federal assistance programs.
- Determine whether the federal financial reports submitted by the State contain accurate, reliable, and useful financial data.
- Ensure that prior audit recommendations, questioned costs and disallowances reported in the Single Audit Report for fiscal year ended June 30, 1999, have been resolved.

The objectives of the State-Mandated Audit Section are to complete audits required by the Delaware Code and/or to determine adherence with stated purposes, goals, and expected results of operations as set forth by the Delaware General Assembly to:

- Determine whether the State of Delaware's internal control structure provides reasonable assurance that state-mandated programs are managed in compliance with applicable laws and regulations.
- Complete financial/compliance audits for various state programs.

The objectives of the Economy and Efficiency Audit Section are to evaluate management controls and policies relating to the use of all public resources and to identify areas where improvements in operations can be achieved.

- Evaluate management controls and policies relating to the use of all public resources and identify areas in which improvements can be achieved in the operations.
- Determine whether all state departments, divisions, agencies, and institutions are executing their management responsibilities in compliance with applicable laws, regulations, and management policies.
- Determine whether resources are being acquired and managed economically and efficiently.
- Determine the causes of inefficient and uneconomical practices.
- Determine how well agencies have complied with laws and regulations concerning economy and efficiency.
- Determine the extent that desired results or benefits established by the Legislature or other authorizing bodies are being achieved.
- Determine the effectiveness of the organization or the program, activity or functions.

The objectives of the Investigative Audit Section are to perform investigations of complaints or inquiries regarding possible fraud, abuse and/or waste of state and/or federal funds.

- Conduct investigations that may involve activities of waste, fraud, or abuse of state resources.
- Ensure that the Auditor's Hotline Program is a viable service to the citizens of the State of Delaware.

The objective of the Information Systems (IS) Audit Section is to examine computer systems that have an impact on the state's accounting and operating activities.

- Audit the general and application controls environments of the state's computer operations

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associated with major state financial management systems.

- Provide IS audit support to other audit sections within the office.

BACKGROUND AND ACCOMPLISHMENTS

The audits and investigations completed by the office in Fiscal Year 2000 cumulatively identified more than \$8.6 million in cost savings, questioned costs and potential fraud, waste, or abuse of state and federal funds.

The Fiscal Year 1999 Single Audit Report, completed during Fiscal Year 2000, contained 64 findings and recommendations and disclosed questioned and disallowed costs that totaled \$1.7 million dollars (refer to the Office of Auditor of Accounts Audit Plan for list of federal audits completed).

The Fiscal Year 1999 Single Audit Report, which met the requirements of OMB Circular A-133, was reviewed and accepted by the U. S. Department of Education, Office of Inspector General for Audit.

During Fiscal Year 1999, the office completed mandated audit reports which resulted in potential cost savings of nearly \$1.2 million dollars.

The office completed two Economy and Efficiency Audits during Fiscal Year 2000. These audits identified savings of \$2.4 million to the State of Delaware and its taxpayers.

These reports contained 36 recommendations. Several recommendations identified opportunities for improving the efficiency and effectiveness of government operations. The following are performance audits that began during Fiscal Year 2000, and are still ongoing:

- Department of Correction – Financial Management Controls
- Department of Administrative Services, Facilities Management - Management Controls Over State Construction Projects
- Department of Health and Social Services (DHSS) - Management Controls for Home Health Care Program
- DHSS and Labor, Employment and Training - Management Controls of the Employment and Training Program
- Department of Administrative Services, Support Operations - Fleet Management
- Department of Finance, Revenue - Management Controls for Collecting Accounts Receivable

Nine in-depth investigations were conducted which revealed waste, fraud, or abuse of nearly \$3.3 million in federal and state funds. These investigations disclosed 75 findings and recommendations.

The office referred nine cases to the Attorney General for further investigation as possible criminal activity.

During the Fiscal Year 2000 audit cycle, the following IS audits were completed:

- DFMS
- State Payroll System
- State Pension System
- Dover Data Center
- Biggs Data Center

Also, in Fiscal Year 2000, the IS Audit Section assisted the Investigative and Economy and Efficiency audit teams.

BUDGET

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	2,182.1	2,472.1	2,901.2
ASF	1,153.6	1,227.6	775.0
TOTAL	3,335.7	3,699.7	3,676.2

POSITIONS

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	36.0	39.0	39.0
ASF	15.0	12.0	10.0
NSF	--	--	--
TOTAL	51.0	51.0	49.0

ACTIVITIES

The duties and activities of the Auditor of Accounts and staff include:

- Evaluate whether the state's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles;
- Evaluate whether government and quasi-government organizations included in the state's entity have expended federal funds in accordance with the Single Audit Act of 1984, as amended and various related federal regulations;
- Evaluate compliance with state laws, administrative regulations, and guidelines, as well as prior year recommendations;
- Evaluate whether state programs are operated economically and efficiently and make recommendations for improvement as needed; and
- Investigate reported instances of fraud, waste, or abuse pertaining to state and federal funds.

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The Auditor of Accounts and his staff are active in the following organizations:

- Past President Executive Committee - National State Auditors Association.
- Past Chairman and Executive Committee - Mid-Atlantic Audit Forum.
- Past Executive Committee - National Association of State Auditors, Comptrollers and Treasurers.
- Member - National Audit Forum.
- Member - Association of Government Accountants.
- Member - Government Finance Officers of America.
- Member – Association of Certified Fraud Examiners.
- Past President - Delaware Government Officers Association.
- Member - American Institute of Certified Public Accountants.
- Member - Delaware Society of Certified Public Accountants.
- Past Chairman - Emerging Issues Committee, National State Auditors Association.
- Past Chairman - Inter-Governmental Affairs Committee, National Association of State Auditors, Comptrollers and Treasurers.
- Member – National Electronics Commerce Coordinating Council.
- Member - State Board of Pardons.
- Member - State Insurance Determination Committee.

PERFORMANCE MEASURES

	FY 2000 Actual	FY 2001 Budget	FY 2002 Gov. Rec.
FSA deadline met	Yes	Yes	Yes
Cost savings as a result of Audit Reports	\$8.6 M	--	--
% of recommendations implemented	65	--	--

INSURANCE COMMISSIONER

12-03-00

MISSION

The mission of the Insurance Commissioner is to protect the public interest by regulating the insurance industry through admissions and review, agent-licensing, review of consumer complaints and inquiries, and enforcing the Unfair Trade Act as it relates to insurance. In addition, the commissioner administers a workplace safety program related to workers' compensation insurance, as well as an arbitration program for auto, homeowners, and health insurance clients.

The Fraud Prevention Bureau confronts the problem of insurance fraud in the State of Delaware by: facilitating the detection of insurance fraud; reducing the occurrence of such fraud through administrative and limited criminal enforcement; requiring the restitution of fraudulently obtained insurance benefits; and reducing the amount of premium dollars used to pay fraudulent claims.

The mission of the Bureau of Examination, Rehabilitation and Guaranty (BERG) is to provide financial oversight for domestic and foreign insurers licensed in Delaware; to provide supervision for the statutory and special examinations of those insurers; and to review and approve, or contest, rate filings presented by insurers.

KEY OBJECTIVES

- Regulate agent licensing.
- Document agent appointments.
- Administer Workplace Safety Program.
- Provide consumer assistance and education.
- Provide a quick, easy, and affordable forum for the resolution of claims disputes through arbitration.
- Facilitate detection and reporting of insurance fraud.
- Reduce the occurrence of fraud through administrative and limited criminal enforcement.
- Require the restitution of fraudulently obtained insurance benefits.
- Reduce the amount of premium dollars currently used to pay fraudulent claims.
- License and regulate the activities of Delaware domestic insurers.

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- Provide financial oversight for domestic and foreign insurers licensed in Delaware.
- Provide supervision for examinations of those insurers.
- Manage and rehabilitate, or liquidate, financially impaired insurers.
- License all insurers operating in Delaware, including foreign and alien insurers.
- Regulate the market conduct of insurers and other licensees and take enforcement action where appropriate.
- Review and approve, or contest, rate filings submitted by insurers.

BACKGROUND AND ACCOMPLISHMENTS

The Office of the Insurance Commissioner is a constitutional office created by 18 Del. C.

House Bill 344 created the Delaware Insurance Fraud Prevention Bureau in July of Fiscal Year 1995.

The Bureau of Examination, Rehabilitation and Guaranty (BERG) was created under 18 Del. C., the Insurance Code, in 1985.

Producer Licensing Services Division

The Producer Licensing Services Division is responsible for the administration of producer licensing, appointments, continuing education, producer investigations, and insurer licensing market conduct issues. The division continues to be recognized throughout the industry for customer service and license application turnaround time.

The division continues to develop all licensing exams through an annual test development process, which includes a recently integrated ethics requirement. The division provides for the administration of the Continuing Education Program to over 19,000 resident and non-resident licensees.

The result of continued producer test development and administration of the continuing education program ensures that only those qualified sell and service insurance and financial products to the citizens of Delaware.

Advances in automation continue to increase productivity and efficiency while decreasing cost. Refinements on the new check processing system continue to reduce processing time while increasing efficiency.

Licensing services objectives for Fiscal Year 2002 are to:

- Reduce state and provider administrative work by automating the continuing education reporting process.
- Automate producer form filing process through imaging or more accessible technology.
- Develop website to allow industry and producers to download all licensing forms and reduce the number of phone calls received by the division.
- Increase effective market conduct surveillance for the citizens of Delaware through full participation in the National Association of Insurance Commissioners (NAIC) National Producer Database.
- Consider adoption of the NAIC Producer Licensing Model Act. The Licensing Model Act takes on particular significance in light of the uniform licensing provisions in the pending financial service modernization legislation in Congress.
- Continue assessment of the effectiveness of continuing education administration and course content.

Workplace Safety Program

The Workplace Safety Program is available to employers to earn discounts on their workers' compensation premiums. Employers who have been in operation for at least three years and whose annual workers' compensation premium is \$3,161 or more are eligible.

To date over 800 employers have participated for discounts of over \$3 million. Employers are currently being notified of their eligibility for the year 2001.

Completion of a new on-line data connection with the Delaware Compensation Rating Bureau is forthcoming. This will enable program staff access to relevant information in coordinating the program.

Consumer Services

Consumer Services objectives for Fiscal Year 2002 are to:

- Continue in-house training to enhance the skills of Consumer Services investigators.
- Enroll Consumer Services investigators in national organization training seminars.
- Encourage individual investigators to enroll in programs designed to expand knowledge of the insurance industry and business practices.
- Update and expand consumer information guides including the addition of new publications.
- Increase outreach programs to offer consumer access to information and assistance in the ever-changing insurance market.

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Fraud Prevention Bureau

Accomplishments of the Fraud Prevention Bureau include:

- Four percent increase in cases received in 1999 from the previous year, excluding over 300 rate evader cases, as a result of 21 Del C. § 2104, allowing out of state residents to register vehicles in Delaware.
- Forty-five percent of cases resolved by consent, arrest, unfounded, or suspended.
- Investigations continue to include labor-intensive health care fraud cases. These cases consume a disproportionate number of investigative hours, though the results usually yield larger amounts of fraud dollars.
- Obtained a \$1.25 million fraud conviction in the largest verdict received to date for the Fraud Prevention Bureau.
- Prevented more than \$5.2 million in Reserves from being processed since 1995.

BUDGET

	FY 2000 Actual	FY 2001 BUDGET	FY 2002 Gov. Rec.
GF	929.4	906.3	922.8
ASF	15,891.1	15,727.1	16,179.1
TOTAL	16,820.5	16,633.4	17,101.9

POSITIONS

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 Gov. Rec.
GF	15.0	15.0	15.0
ASF	59.0	62.0	62.0
NSF	1.0	2.0	2.0
TOTAL	75.0	79.0	79.0

REGULATORY ACTIVITIES 12-03-01

ACTIVITIES

The duties and activities of the Insurance Commissioner and staff include the following:

- Member, Delaware Health Care Commission.
- Member, Delaware Valley Chapter of International Association of Special Investigative Units (SIU).
- Member, Delaware State Employee and Insurance Coverage Committees.
- Member, National Association of Insurance Commissioners (NAIC).
- Member, NAIC Executive Committee.
- Vice-Chair, NAIC Northeast Zone Committee.

- Chair, NAIC Committee on Credit Insurance.
- Vice-Chair, NAIC Special Committee on Ethics and Conflict of Interest.
- Vice-Chair, NAIC Senior Issues.
- Member, National Insurance Crime Bureau (NICB).
- Member, International Association of Special Investigation Units.
- Member, Chesapeake Chapter of SIU.
- Member, International Association of Arson Investigators.
- Member, National Health Care Anti-Fraud Association.
- Special Training:
 - Health Care Fraud
 - Claims Fraud
 - NICB Training Academy
 - Certified Fraud Examiner's Fraud Detection and Prosecution
 - Electronic Claims Fraud detection
 - Fraud and the Provider

PERFORMANCE MEASURES

	FY 2000 Actual	FY 2001 Budget	FY 2002 Gov. Rec.
# new agents licensed	7100	7250	7400
# agents appointed	19700	20100	20500
# consumer complaints/inquiries	17100	17450	17800
Participation in Workplace Safety Program	780	850	900

BUREAU OF EXAMINATION, REHABILITATION AND GUARANTY 12-03-02

ACCOMPLISHMENTS

Market Conduct Oversight - The department will be supplementing this segment through an additional Market Conduct Examiner to oversee life and health concerns. Timely claims payments and advertising agents' conduct relative to product solicitations will be primary responsibilities.

Examinations/Financial Analysis - The financial analysis unit is continuing to evolve and is always under review for changes to keep pace with the business environment of the insurance industry. The State of Delaware is considered well in the business community for organization and/or domestication. As such, the demand for domestication/redomestication is significant.

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The goal for BERG is to decrease the ratio of companies reviewed by each analyst to a level that would result in the best quality analytical review. Also, continued efforts are being made to automate the financial analysis and examination process by using a software package that will be used by many of the 50 states regulators.

The BERG unit will continue to keep pace with initiatives of NAIC where applicable and necessary to increase administrative and staff efficiencies. Due legislation passed by Congress and signed by the President, states will now need to become more uniform in their best practices and law.

Rates and Forms - The goal for the rates and forms section is to move from manual review of policy forms and rates, to an electronic system of review. With the number of policy filings increasing each year, the electronic filing process initiated by the NAIC will be more efficient for the analyst charged with the responsibility of daily review. This will assure review of rates and forms filing in a timely manner so that domestic and foreign companies licensed in Delaware will have faster speed to market. This will not be at the expense of protecting Delaware citizens.

ELDERinfo - ELDERinfo is the State Health Insurance Program (SHIP) for Delaware's 113,000 Medicare beneficiaries. A public service of the Delaware Insurance Department and Delaware Health and Social Services, Services for Aging and Adults with Physical Disabilities, ELDERinfo is funded, in part, through a grant from the Health Care Financing Administration. During Fiscal Year 2001, the Insurance Department will become the direct recipient of the grant.

The program is designed to assist Medicare beneficiaries in dealing with often complex and confusing questions and concerns regarding obtaining adequate coverage. With the withdrawal of CIGNA Medicare HMO from the market, the introduction of the Private Fee For Service, and Medicare + Choices inquiries, the call volume increased dramatically.

ELDERinfo has highly trained volunteer counselors, along with three paid staff, conducting individualized face to face and telephone assistance with Medicare, Medicaid, Medicare Supplemental Insurance, Long Term Care Insurance and other health insurance issues.

The number of counselors and sites has been increased to include bi-lingual counseling. ELDERinfo has been instrumental in amending the Delaware Prescription Assistance Program to accept disabled adults prior to receiving Medicare.

The key objective of ELDERinfo is to educate the beneficiaries through:

- Direct mailers
- Health fairs
- Outreach programs
- Radio/TV interviews
- Senior forums

ACTIVITIES

- Member, National Association of Insurance Commissioners.
- Member, Society of Financial Examiners.
- Member, Society of Insurance Examiners.
- Member, Casualty Actuarial Society.

PERFORMANCE MEASURES

	FY 2000 Actual	FY 2001 Budget	FY 2002 Gov. Rec.
# rate and form filings	10,197	10,250	10,300
# companies regulated:			
Domestic	150	152	154
Foreign	1,467	1,460	1,465
# companies examined	54	53	55
# companies liquidated:			
Domestic	10	10	10
Ancillary	2	2	2
# companies under supervision/rehab	5	7	8
# targeted market conduct	4	6	6

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STATE TREASURER 12-05-00

MISSION

To maximize taxpayer value by promoting responsible cash management and investment practices statewide.

BUDGET

	FY 2000 Actual	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	34,667.0	20,934.1	33,207.3
ASF	1,940.4	1,904.0	2,010.6
TOTAL	36,607.4	22,838.1	35,217.9

POSITIONS

	FY 2000 ACTUAL	FY 2001 BUDGET	FY 2002 GOV. REC.
GF	14.0	14.0	14.0
ASF	8.0	8.0	8.0
NSF	--	--	--
TOTAL	22.0	22.0	22.0

ADMINISTRATION 12-05-01

MISSION

To ensure the accuracy of financial records under the agency's control; administer and assist state employees with the financial aspects of the benefit programs authorized in Delaware; respond in a timely, accurate and courteous manner to any inquiry directed to the division; and faithfully discharge any and all further obligations given under statute.

KEY OBJECTIVES

- Continue to re-engineer and automate the reconciliation of the state's bank accounts.
- Improve payroll distribution process by increasing direct deposit participation and providing e-mail and web-based access to pay advices.
- Increase participation of eligible employees in Deferred Compensation Program through effective marketing and investment education.
- Establish a 403(b) supplemental retirement program for the state's education employees.

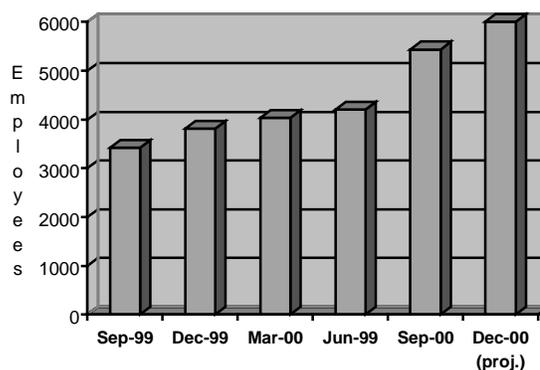
- Increase number of households participating in Delaware College Investment Plan.
- Increase number of local governments participating in the Delaware Local Government Investment Pool (DELGIP).
- Continue to be a champion for electronic commerce.

BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2001, the State Treasurer's Office continued to develop and meet ambitious objectives related to improving internal operations and services to agencies, vendors, state employees, and taxpayers. Equally important, the office has successfully promoted financial literacy and a savings/investment ethic among state employees and Delaware citizens through several financial education initiatives.

Deferred Compensation Program. Since the October 1999 conversion to Fidelity Investments, participation in the State of Delaware Deferred Compensation Program has grown from 3,400 to 5,800 in October 2000 – an increase of 71 percent. More than half of that increase came in response to the passage of Senate Bill 425, which provides a \$10-per-pay employer match to employee contributions. The match also allows for rollovers into and out of 401(k)s, Individual Retirement Accounts, and other qualified retirement plans.

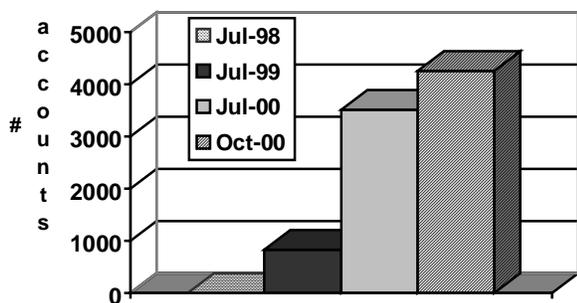
Deferred Comp Program Participation



College Savings. Since the appointment of the State Treasurer to chair the Delaware College Investment Plan board in July 1999, the number of new accounts has grown from 824 to more than 4,200, and assets now total more than \$25 million.

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Delaware College Investment Plan

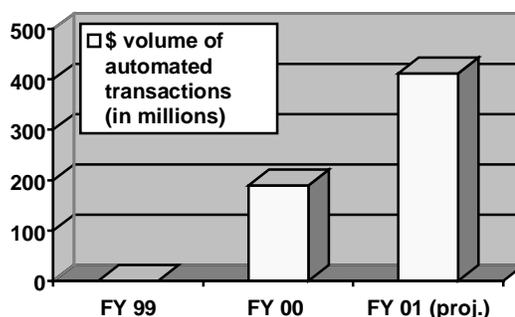


Re-engineering reconciliation. The purchase and implementation of new automated matching and reconciliation software has reduced the time it takes to reconcile many of the state's major accounts from months to days. Some examples of dramatic improvement:

- A report of checks issued is now received daily from a generic-check software rather than from a monthly download from the Office of Information Services;
- Bank errors can be recognized and corrected daily, rather than every 45 days upon receipt of the monthly statement;
- Outstanding cash balances (unreconciled deposits) at month end have been reduced by more than 3,000 percent – for example, from between \$500,000-600,000 to \$17,000 at the end of August 2000;
- Regular deposits, wires, and Automated Clearinghouse (ACH) transactions can be matched to the daily bank statement in five minutes vs. three hours under the former manual process;
- The improvements have resulted in the first quarterly audit (August 2000) to yield no findings in recent memory.

Payables. The generic check operation is now producing payroll, pension, Delaflex, Personal Income Tax refund and vendor checks. This system has proven to be very secure, flexible, and cost-efficient. Enhancements to the generic-check software application allow vendors to be paid electronically via an ACH credit, virtually eliminating the manual preparation once required to process electronic payments. A planned upgrade and additional enhancements will allow for direct deposit of Delaflex, personal expense reimbursements and the consolidation of multiple payments for high-volume vendors.

Automated electronic payments to vendors



Modernizing legislation. House Bill 482, which modernizes the method for calculating and crediting interest to Delaware's school districts, was written by the State Treasurer's Office and passed by the General Assembly.

Outsourcing. The Delaware Local Government Investment Pool (DELGIP) was outsourced to Wilmington Trust in June 2000, resulting in improved services to municipal governments, fire companies, and other participating nonprofit organizations.

Financial literacy. With more than \$120,000 in corporate sponsorships each year, the State Treasurer hosted Everywoman's Money Conference in November 1999 and November 2000. The free conference helps women address their unique financial vulnerabilities to achieve and sustain financial well-being. The Treasurer's Office also has partnered with financial professionals throughout Delaware to create the Delaware Money School, which featured more than 50 classes in fall 2000. The Treasurer also worked with the Delaware State Chamber of Commerce and the University of Delaware Center for Economic Education to open 10 Bank-In-School programs in elementary schools throughout the state.

ACTIVITIES

- Daily settlement of the state's cash position to ensure that funds are in appropriate accounts while maximizing dollars available for investment.
- Administration and promotion of the state Deferred Compensation Program.
- Daily recording and deposit of receipts.
- Reconciliation of major state bank accounts and lockboxes.
- Expedient disbursement of funds to meet the state's financial obligations, including ACHs, wire transfers, and daily processing of vendor checks.

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- Processing of payroll, pension, personal income tax refund, and Delaflex checks.
- Initiation of cash management projects at the statewide and agency levels that improve efficiency by reducing float, eliminating paper, and streamlining processes.
- Reconciliation of state payroll and payment of federal taxes.
- Process grants-in-aid, municipal street aid, and calculate and disburse funds for fire organizations and police pensions.

PERFORMANCE MEASURES

	FY 2000 Actual	FY 2001 Budget	FY 2002 Gov. Rec.
Deferred compensation participants	3400	5800	7509
Delaware College Investment Plan accounts	824	4200	6720
Time to reconcile major accounts	13 weeks	5 weeks	15 days
Manual warrants per month	78	5	5
Number of 403(b) vendors	96	<10	<10

DEBT MANAGEMENT ***12-05-03***

MISSION

To manage the state's debt and credit interest to the state's school and special funds with maximum accuracy and efficiency.

KEY OBJECTIVES

- Develop an overall accounting and data retrieval system in the Treasurer's Office that will link bond authorizations, bond sales, amortizations, debt budgeting, and debt payments into an integrated system with less reliance on manual calculations and operations.
- Improve upload and download of special and school funds interest within debt management.

BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2000, all debt service payments to the Depository Trust Company were met on the bond due dates. This entailed:

- Disbursement of \$116.9 million for 16 General Obligation issues on \$738.2 million outstanding; and

- Collection of \$23.6 million from schools for the repayment to the State of their local share of school construction on \$142.2 million outstanding local share bonds.

Capital improvement funds were monitored and information provided to the Department of Finance that supported the \$100 million in new bond funding.

Further efforts to reduce the state's bonded indebtedness were accomplished by the General Assembly through the Fiscal Year 2000 Bond Bill. Only \$70 million in new bond authorizations was created while \$279 million in General Fund surplus cash was used to fund projects which normally would be funded by bonds.

ACTIVITIES

- Maintain records required for bond projects as authorized by the yearly bond bill from authorization through bond sale and 10- or 20-year amortizations of the projects.
- Provide Office of the Budget with the fiscal year principal and interest payments due by department, division, and organization.
- Provide Bond Counsel with data relating to bond projects including project identification, description, volume, and chapter required to obtain legal opinion for the bond issue.
- Set up, monitor, calculate and pay interest on more than 450 special funds on deposit with the State Treasurer. Interest in Fiscal Year 2000 totaled more than \$23.4 million.
- Provide assistance to local school districts in acquiring Attorney General's opinion in securing a Bond Anticipation Note or permanent bond financing of their local share.
- Maintain the school interest table in the Delaware Financial Management System which calculated interest to schools for their operation, debt service, and construction funds on deposit with the State Treasurer. Interest paid to school districts on their funds on deposit with the State Treasurer totaled \$12.7 million for Fiscal Year 2000.
- Assist the general public with any inquiries concerning state bonds.

PERFORMANCE MEASURES

- Automate 45 percent of Debt Management's accounting and data retrieval system to electronically link bond authorizations, bond sales, amortizations, debt budgeting, and debt payments into an integrated system to enhance speed and accuracy of calculations.

OTHER ELECTIVE
12-00-00

REFUNDS AND GRANTS
12-05-04

MISSION

To process revenue refunds for improperly collected fees or receipts and maintain an accurate accounting of fiscal year refunds issued.

KEY OBJECTIVES

- Streamline the processing of revenue refunds.

BACKGROUND AND ACCOMPLISHMENTS

As per 29 Del. C. § 2713, the State Treasurer executes a payment voucher as a direct claim in the event that any agency improperly collects fees or receipts that become revenue to the General Fund.

PERFORMANCE MEASURES

	FY 2000 Actual	FY 2001 Budget	FY 2002 Gov. Rec.
% Revenue Refunds Processed	100	100	100