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Governor Henry McMaster's Working Group Builds Foundation for Independent Forensic Accounting Review of State Funds

Columbia, S.C. – The working group charged by Governor Henry McMaster this spring to look into questions surrounding the existence of \$1.8 billion in state funds has prepared the documentation and information necessary for a state budget funded forensic accounting review to begin work in the new fiscal year.

In accordance with [Proviso 93.19](#) of the 2024-2025 state budget, the Department of Administration, whose Executive Director Marcia Adams was asked to coordinate the work efforts of all agencies participating in the working group, issued a request for proposals to engage an independent accounting firm to perform a forensic accounting review of cash and investments held in the State Treasury as well as a review of cash and investments found in the state's historical annual comprehensive financial reports (ACFRs). The contract is expected to be awarded to an accounting firm around July 16.

“We recognize the importance of people and agencies working together — collaborating, communicating and cooperating — across boundaries to work for the citizens of our state,” said Governor Henry McMaster. “I commend the working group for doing just this. We will continue to build on their hard work and support and count on their aid to the outside accounting firm to conduct what will be a thorough review.”

The working group — comprising employees from the State Treasurer's Office, Comptroller General's Office, State Auditor's Office, Department of Administration, Attorney General's Office and the Governor's Office — has been analyzing the 2022 Annual Comprehensive Financial Report (ACFR) restatement, collecting and organizing information and documentation, and enhancing any processes and collaboration among agencies involved in overseeing state financial activity.

“These individuals and agencies have been committed to working together to determine the existence, purpose and intended destination of the \$1.8 billion in question, to find ways to improve collaboration among the agencies involved in state accounting and treasury processes and to build a foundation for a formal review by an outside accounting firm,” said Department of Administration Executive Director Marcia Adams.

Since April, the working group, including outside counsel for the state engaged by the Attorney General's Office, has met 11 times, in addition to numerous individual and cross-agency meetings.

Through this dedicated and collaborative approach, the working group achieved several accomplishments, including creating a centralized location for various bank and investment

statements, cash reconciliations, cash comparisons and other related documents; creating a platform that allows for direct access to thousands of entries related to the conversion from legacy systems to the state's current South Carolina Enterprise Information System (SCEIS) as well as to accounting entries related to the \$1.8 billion in question; recreating reconciliations of ending cash balances in legacy systems and matching them to conversion amounts in SCEIS; documenting the relationship between agencies, treasury and ACFR funds; and creating an environment to test and analyze potential changes in SCEIS before making them.

The working group will continue to meet to discuss and analyze transactions and other information related to the \$1.8 billion in question, including work related to the 2022 ACFR restatement and the enhancement of processes and collaboration among agencies involved in the oversight of state financial activity. In addition, the working group will work with the selected accounting firm in its review of the state's cash and investments.

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