

**SOUTH CAROLINA STATE AGENCY
OF VOCATIONAL REHABILITATION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2005

CONTENTS

	<u>PAGE</u>
I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
II. ACCOUNTANT'S COMMENTS	
SECTION A - MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	5
CLOSING PACKAGES	6
Introduction	6
Accounts Payable and Grant/Contribution Receivables and Deferred Revenues	6
Capital Assets	7
Recommendations	9
RECONCILIATIONS	9
WORKCENTER COMPOSITE BANK ACCOUNT	11
CALCULATION OF FIRST PAY	12
REVENUE ACCOUNTS	13
WORKERS' AND UNEMPLOYMENT COMPENSATION INSURANCE	14
SECTION B - STATUS OF PRIOR FINDINGS	15
MANAGEMENT'S RESPONSE	16

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 3, 2006

The Honorable Mark Sanford, Governor
and
Board of Directors
South Carolina State Agency of Vocational Rehabilitation
West Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the governing body and management of the South Carolina State Agency of Vocational Rehabilitation (the State Agency), solely to assist you in evaluating the performance of the State Agency for the fiscal year ended June 30, 2005, in the areas addressed. The State Agency's management is responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. **Cash Receipts and Revenues**

- We inspected selected recorded receipts to determine if these receipts were properly described and classified in the accounting records and internal controls over the selected receipt transactions were adequate to detect errors and/or irregularities.
- We inspected selected recorded receipts to determine if these receipts were recorded in the proper fiscal year.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in the State's accounting system (STARS) as reflected on the Comptroller General's reports to determine if recorded revenues were in agreement.
- We made inquiries and performed substantive procedures to determine if revenue collection and retention or remittance were supported by law.
- We compared current year recorded revenues from sources other than State General Fund appropriations to those of the prior year and we used estimations and other procedures to evaluate the reasonableness of collected and recorded amounts by revenue account.

- We inspected the cooperative agreements the State Agency has with other state agencies and verified the services were provided and the correct amounts were collected.

The individual transactions selected were chosen randomly. Our finding as a result of these procedures is presented in Revenue Accounts in the Accountant's Comments section of this report.

2. **Non-Payroll Disbursements and Expenditures**

- We inspected selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records, were bona fide disbursements of the State Agency, and were paid in conformity with State laws and regulations; if the acquired goods and/or services were procured in accordance with applicable laws and regulations; and if internal controls over the selected disbursement transactions were adequate to detect errors and/or irregularities.
- We inspected selected recorded non-payroll disbursements to determine if these disbursements were recorded in the proper fiscal year.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in various STARS reports to determine if recorded expenditures were in agreement.
- We compared current year expenditures to those of the prior year to determine the reasonableness of amounts paid and recorded by expenditure account.

The individual transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

3. **Payroll Disbursements and Expenditures**

- We inspected selected recorded payroll disbursements to determine if the selected payroll transactions were properly described, classified, and distributed in the accounting records; persons on the payroll were bona fide employees; payroll transactions, including employee payroll deductions, were properly authorized and were in accordance with existing legal requirements; and internal controls over the selected payroll transactions were adequate to detect errors and/or irregularities.
- We inspected selected payroll vouchers to determine if the vouchers were properly approved and if the gross payroll agreed to amounts recorded in the general ledger and in STARS.
- We inspected payroll transactions for selected new employees and those who terminated employment to determine if internal controls over these transactions were adequate.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in various STARS reports to determine if recorded payroll and fringe benefit expenditures were in agreement.
- We compared current year recorded payroll expenditures to those of the prior year; and compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions; and computed the percentage distribution of recorded fringe benefit expenditures by fund source and compared the computed distribution to the actual distribution of recorded payroll expenditures by fund source to determine if recorded payroll and fringe benefit expenditures were reasonable by expenditure account.

The individual transactions selected were chosen randomly. Our findings as a result of these procedures are presented in Calculation of First Pay and Workers' and Unemployment Compensation Insurance in the Accountant's Comments section of this report.

4. **Journal Entries and Operating Transfers**

- We inspected selected recorded journal entries and operating transfers between subfunds to determine if these transactions were properly described and classified in the accounting records; they agreed with the supporting documentation, were adequately documented and explained, were properly approved, and were mathematically correct; and the internal controls over these transactions were adequate to detect errors and/or irregularities.

The individual journal entry transactions were chosen randomly. We found no exceptions as a result of the procedures.

5. **General Ledger and Subsidiary Ledgers**

- We inspected selected entries and monthly totals in the subsidiary records of the State Agency to determine if the amounts were mathematically accurate; the numerical sequences of selected document series were complete; the selected monthly totals were accurately posted to the general ledger; and the internal controls over the selected transactions were adequate to detect errors and/or irregularities.

The transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

6. **Reconciliations**

- We obtained all monthly reconciliations prepared by the State Agency for the year ended June 30, 2005, and inspected selected reconciliations of balances in the State Agency's accounting records to those in STARS as reflected on the Comptroller General's reports to determine if they were accurate and complete. For the selected reconciliations, we determined if they were timely performed and properly documented in accordance with State regulations, recalculated the amounts, agreed the applicable amounts to the State Agency's general ledger, agreed the applicable amounts to the STARS reports, determined if reconciling differences were adequately explained and properly resolved, and determined if necessary adjusting entries were made in the State Agency's accounting records and/or in STARS. For all reconciliations, we determined if they were timely performed and reviewed.

We judgmentally selected the fiscal year-end reconciliations and randomly selected one month's reconciliations for testing. Our findings as a result of these procedures are presented in Reconciliations and Workcenter Composite Bank Account in the Accountant's Comments section of this report.

7. **Compliance**

- We confirmed through inspection of payroll and non-payroll disbursement vouchers, cash receipts and other documents, inquiry of agency personnel and/or observation of agency personnel performing their assigned duties the State Agency's compliance with all applicable financial provisions of the South Carolina Code of Laws, Appropriation Act, and other laws, rules, and regulations for fiscal year 2005.

Our findings as a result of these procedures are presented in Reconciliations and Workers' and Unemployment Compensation Insurance in the Accountant's Comments section of this report.

8. **Closing Packages**

- We obtained copies of all closing packages as of and for the year ended June 30, 2005, prepared by the State Agency and submitted to the State Comptroller General. We inspected them to determine if they were prepared in accordance with the Comptroller General's GAAP Closing Procedures Manual requirements; if the amounts were reasonable; and if they agreed with the supporting workpapers and accounting records.

Our findings as a result of these procedures are presented in Closing Packages in the Accountant's Comments section of this report.

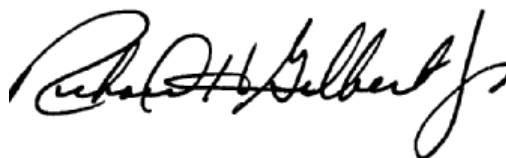
9. **Status of Prior Findings**

- We inquired about the status of the deficiencies described in the findings reported in the Accountant's Comments section of the State Auditor's Report on the State Agency resulting from our engagement for the fiscal year ended June 30, 2003, to determine if adequate corrective action has been taken.

Our findings as a result of these procedures are presented in Section B in the Accountant's Comments section of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor and of the governing body and management of the South Carolina State Agency of Vocational Rehabilitation and is not intended to be and should not be used by anyone other than these specified parties.



Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

SECTION A - MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

The conditions described in this section have been identified as material weaknesses or violations of State Laws, Rules, or Regulations.

CLOSING PACKAGES

Introduction

The State Comptroller General obtains certain generally accepted accounting principles (GAAP) information from agency-prepared closing packages to use in preparing the State's financial statements. We determined that the State Agency submitted to the Comptroller General certain incorrectly prepared and/or misstated fiscal year-end 2005 closing packages.

To accurately report the State Agency's and the State's assets, liabilities, and current year operations, the GAAP closing packages must be complete and accurate. Furthermore, Section 1.7 of the Comptroller General's GAAP Closing Procedures Manual (GAAP Manual) states, "Each agency's executive director and finance director are responsible for submitting...closing package forms...that are: Accurate and completed in accordance with instructions. Complete. Timely." Also, Section 1.7 requires an effective, independent supervisory review of each completed closing package and the underlying working papers and accounting records and completion of the reviewer checklist and lists the minimum review steps to be performed. In addition, Section 1.8 directs agencies to keep working papers to support each amount and other information they enter on each closing package form.

The following outlines the errors noted on certain 2005 closing packages.

Accounts Payable and Grant/Contribution Receivables and Deferred Revenues Closing Packages

The State Agency has implemented a procedure for estimating the amount of accounts payable likely to be collected in September and October using a capture rate. For fiscal year 2005, the State Agency miscalculated this rate, which resulted in a \$24,635 overstatement of total accounts payable on the accounts payable closing package and a

similar overstatement reported on the grant/contribution receivables and deferred revenues closing package. State Agency personnel included amounts that were not accounts payables in its calculation of the capture rate and also omitted a voucher from the calculation that was for goods and services received or rendered in fiscal year 2004 and paid in fiscal year 2005. State Agency personnel stated that this was due to employee oversight.

The State prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) which requires that the State record liabilities for accounts payable and record grant/contribution receivables and deferred revenue. Instructions for agencies regarding proper reporting procedures are provided by the Comptroller General's Office in Sections 3.3 and 3.12 of the GAAP Manual.

Capital Assets

During our testing of the capital assets closing package for fiscal year 2005, we noted the following:

1. The State Agency reported an intra-state transfer as both a transfer and a retirement. The State Agency also recorded depreciation on this asset under both retirements and transfers. Additionally, the State Agency took an extra year's depreciation on this asset in the year of disposition. These errors resulted in an overstatement of vehicle retirements of \$20,669, and overstatement of \$10,980 in accumulated depreciation on asset retirements (vehicles), and an overstatement of \$2,196 in net accumulated depreciation on intra-state transfers.
2. The State Agency reported 12 items as equipment asset additions that should have been reported as building improvements which resulted in an overstatement of \$94,248 in equipment additions.
3. The State Agency failed to record or report depreciation on one equipment asset which resulted in an understatement of \$917 in current year depreciation on equipment.
4. The State Agency reported 22 vehicles as asset additions but did not record or report depreciation on the vehicles which resulted in an understatement of \$50,540 in current year depreciation on vehicles.

5. The State Agency failed to report an equipment asset addition but did report depreciation on the asset which resulted in an understatement of \$8,694 in equipment additions.
6. The State Agency calculated depreciation for two assets using market value instead of acquisition cost which resulted in an overstatement of \$1,012 in current year depreciation on vehicles. The State Agency did correctly report the acquisition cost of the two additions on the closing package.

In summary, equipment additions were overstated \$85,554, current year equipment depreciation was understated \$917, vehicle retirements were overstated \$20,669, current year vehicle depreciation was understated \$49,529, accumulated depreciation on vehicle retirements was overstated \$10,980, and net accumulated depreciation on intra-state transfers was overstated \$2,196.

State Agency personnel stated that they did not realize that assets were omitted from the report used for reporting depreciation. Also, finance department personnel used reports and information provided by the inventory department to complete the closing package and the finance personnel were not familiar with this information. The agency used two separate reports as support for amounts reported on the closing package that did not reflect the same information due to a timing difference.

Sections 3.8 through 3.11 of the GAAP Manual provide guidance for agencies reporting capital asset transactions and balances in closing packages. In addition, an effective internal control system requires that adequate supporting documentation be prepared and retained and financial and related information be properly recorded in the accounting and other agency records and be properly summarized in reports prepared therefrom.

Recommendations

We recommend that the State Agency implement procedures to ensure that all future closing packages contain accurate and complete information in accordance with the GAAP Manual instructions. As required by the GAAP Manual, the State Agency's closing package procedures should include an effective independent review before submitting the forms to the Comptroller General. Each closing package review at a minimum should ensure the accuracy and adequacy of support documentation; that source documentation supporting each closing package response (monetary and other) has been retained; the reasonableness of each closing package response; each response agrees to the closing package worksheets and other supporting documentation and to the accounting and other source records; the methodology and formulas used in the supporting documentation is valid; and the applicable Closing Package Reviewer Checklists have been completed. Additionally, we recommend that the State Agency ensure that all employees who prepare and review closing packages have a thorough understanding of internal policies and procedures for calculating the accounts payable capture rate and are familiar with the State Agency's capital assets reporting system.

RECONCILIATIONS

We noted the following deficiencies while testing State Agency reconciliations and from our review of State Agency reconciliation procedures:

1. Reconciliations for some months could not be located in the reconciliation files.
2. Some of the reconciliations did not contain evidence that a review had been performed. Other reconciliations were signed by the reviewer but the date of review was not documented.

3. The State Agency finance personnel did not reconcile capital project activity per its books to the State Permanent Improvements Reporting System (SPIRS).

Similar findings were noted in the fiscal year 2003, 2002, 2001 and 2000 reports.

Section 2.1.7.20 C. of the Comptroller General's Policies and Procedures Manual (STARS manual) requires that all agencies perform regular monthly reconciliations between their accounting records and STARS to ensure timely detection and correction of errors. Separate reconciliations should be performed of cash, revenue and expenditure accounts and must be performed at the level of detail in the Appropriation Act. Reconciliations must be performed at least monthly on a timely basis (i.e., shortly after month-end), be documented in writing in an easily understandable format with all supporting workpapers maintained for audit purposes, be signed and dated by the preparer, and be reviewed and approved in writing by an appropriate agency official other than the preparer. Furthermore, the STARS manual states that errors discovered through the reconciliation process must be promptly corrected in the agency's accounting records and/or STARS as appropriate. Additionally, Chapter 8 of the Manual for Planning and Execution of State Permanent Improvements (SPIRS Manual) states that by receiving monthly SPIRS reports, each agency is encouraged to check each project to make sure that SPIRS reflects proper and correct project activity. If the agency discovers a discrepancy between the SPIRS reports and the agency's records, the Capital Budgeting Unit should be notified so that, together, the proper course of action can be determined.

We again recommend the State Agency develop and implement procedures to ensure compliance with applicable State regulations.

WORKCENTER COMPOSITE BANK ACCOUNT

During the fiscal year 2003 engagement, the auditors noted during their review of the State Agency's monthly reconciliations of its workcenter cash accounts that the State Agency had outstanding checks totaling \$19,669 on its Bank of America account which was closed in March 2003 for which it could not provide supporting documentation. The State Agency also had a reconciling item of \$36,129 labeled as "other-Bank of America" for which it could not provide supporting documentation. State Agency personnel stated that \$11,320 of the \$19,669 had been voided. We determined during our fiscal year 2005 follow up of the fiscal year 2003 finding the \$11,320 had in fact not been voided. State agency personnel stated that the outstanding amounts had been netted against outstanding bank charges and a hand-prepared voucher in the amount of \$3,128 was prepared on March 7, 2005 to dispose of the netted amount. Through inquiry with State Agency personnel and review of workcenter cash reconciliations for fiscal year 2004 and 2005 we still could not determine the \$3,128 was the correct amount to dispose of the outstanding amounts in question; therefore, we were unable to determine whether the issue was accurately and completely resolved.

Sound internal controls require that the Agency maintain adequate supporting documentation for all transactions.

We recommend the State Agency develop and implement procedures to ensure that all transactions are adequately supported by documentation and that amounts are properly determined. We also recommend that the agency ensure that all outstanding amounts with Bank of America have been or are properly disposed of.

CALCULATION OF FIRST PAY

To ensure that the State Agency accurately calculated employee first pay, we selected 25 employees who were hired by the State Agency. Based on the tests performed, we determined that the State Agency incorrectly paid two employees. For one of the employees, our review of documents contained in the employee's personnel file indicated that the employee's hire date was June 13, 2005. The State Agency paid the employee for the entire pay period beginning June 2 even though the employee only worked four of the eleven days in the pay period. The error resulted in an overpayment of \$896. State Agency personnel stated they failed to realize the start date of the employee when preparing payroll.

For the other employee, the State Agency incorrectly paid the employee based on an annual salary of \$30,445 instead of \$32,492 because of a keying error. The agency did not realize or correct the error until approximately eight months after the employee's hire date. The employee was underpaid \$1,320 over the course of 15 pay periods (3 pay periods in fiscal year 2005 and 12 pay periods in fiscal year 2006).

Section 8-11-30 of the South Carolina Code of Laws, as amended, states that it is unlawful for anyone to receive any salary from the state which is not due and for anyone employed by the State to pay salaries or monies that are not due. Any violation is punishable by a fine or imprisonment. Additionally, sound internal controls require that employees' salaries are properly entered into the personnel and payroll systems and paid accordingly.

We recommend that the State Agency strengthen its procedures to ensure that it adheres to State and Federal personnel laws and regulations. Procedures should ensure that payroll calculations are independently reviewed for accuracy and salaries are entered into the payroll system properly. We also recommend that the State Agency pursue recovery from the employee of the amount overpaid.

REVENUE ACCOUNTS

We compared fiscal year 2005 revenues recorded in STARS to those of the prior year to determine the reasonableness of collected and recorded amounts by revenue account. During our review, we noted the State Agency used an earmarked subfund originally established to record revenue from non-state cooperative agreements (subfund 3914) to record revenue received from a cooperative agreement it entered into with the state Department of Health and Human Services. \$1,229,411 of revenue from the cooperative agreement was recorded in this subfund in fiscal year 2005, along with a transfer of \$129,712 of revenue that had originally been recorded in subfund 3980. This cooperative agreement was not in effective during fiscal year 2004. Additionally, during our review of the State Agency's cooperative agreements that were in effect during fiscal year 2005, we noted the State Agency recorded \$28,275 of federal revenue into an earmarked subfund (subfund 3980). Per our review of supporting documents, this revenue was passed through to the State Agency from the South Carolina Employment Security Commission (SCESC) as a part of the High School High Tech program administered by the U.S. Department of Labor.

State Agency personnel stated it was more efficient for them to record the cooperative agreement revenue under subfund 3914 instead of establishing a new subfund. Personnel also stated they did not realize the revenue it received from the SCESC was from a federal source.

Sound internal controls require that revenue be properly classified on the State Agency's books of account.

We recommend the State Agency establish and implement policies and procedures to ensure that all revenue received is properly classified and recorded in its accounting system. We further recommend the State Agency establish a federal subfund in which to record federal revenue received for the High School High Tech program.

WORKER'S AND UNEMPLOYMENT COMPENSATION INSURANCE

The State Agency paid one hundred percent of workers' and unemployment compensation insurance from federal funds. In addition, the Agency paid neither unemployment nor workers' compensation insurance from general or earmarked funds even though certain employees were paid from those funds. A similar finding was noted in the fiscal year 2003, 2002, 2001, and 2000 reports.

State Agency personnel stated a cost allocation plan was implemented in fiscal year 2004 to distribute administrative expenses between all funds equitably; however, from our review of this plan and the Comptroller General's reports, unemployment and workers' compensation insurance were still only paid from federal funds.

The South Carolina Code of Laws Section 8-11-194 states, "Any agency of state government whose operations are covered by funds from other than general fund appropriations must pay from such other sources a proportionate share of the employer costs of retirement, social security, workers' compensation insurance, unemployment compensation insurance, health and other insurance for active and retired employees, and any other employer contribution provided by the State for the agency's employees."

We recommend the State Agency establish and implement policies and procedures to ensure that unemployment and workers' compensation insurance costs are charged equitably among all of its funds.

SECTION B - STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the State Agency for the fiscal year ended June 30, 2003, and dated July 9, 2004. We applied no procedures to the Department's accounting records and internal controls for the year ended June 30, 2004. The continuing deficiencies are described in Reconciliations, Workcenter Composite Bank Account, and Workers' and Unemployment Compensation Insurance in Section A of the Accountant's Comments in this report.

MANAGEMENT'S RESPONSE

Management's Response to State Auditor's Report State Fiscal Year 2005

Closing Packages

We concur with the recommendation. We are establishing new procedures for Finance and Inventory Departments to ensure data is properly reconciled between reports to prevent the types of errors that occurred in the Capital Assets closing package. We will strengthen all closing package procedures to ensure that they are prepared accurately and supported by adequate documentation. In addition, the review process will be expanded to ensure the accuracy and proper documentation of each closing package.

Reconciliations

We concur with the recommendation. We have improved our procedures, requiring Finance staff to review monthly reconciliations and ensure they are prepared in accordance with Section 2.1.7.20 of the Comptroller General's Policies and Procedures Manual. In addition, procedures have been established to reconcile capital project activity to the SPIRS report.

Workcenter Composite Bank Account

We are developing procedures to ensure all reconciling items are identified, documented and properly resolved. We are working with our IT department to capture the data necessary to identify all reconciling items and timing differences.

Calculation of First Pay

We concur with the recommendation. One of the errors was discovered by agency personnel and corrected prior to this audit. We will strengthen our procedures to ensure accurate entry of payroll information.

Revenue Accounts

We understand that the description of subfund 3914 as revenue from non-cooperative agreements is misleading. We had assigned project codes within 3914 to differentiate the different types of revenue tracked within this subfund; however, we are now securing additional subfund codes from the Comptroller General's Office to separate that revenue.

Regarding the High School High Tech revenue received first from SC Employment Security Commission and now from South Carolina Department of Commerce, we were not aware that these funds were federal funds from the U. S. Department of Labor as initial documentation received was unclear. We have transferred these funds from earmarked to federal and requested a new project code to identify this pass-through grant properly as a federal project.

Worker's and Unemployment Compensation Insurance

Historically, we have been paying worker's and unemployment compensation insurance premiums exclusively from federal funds because of our claims experience. Typically, there is more exposure to risk in our Work Training Centers where conditions can be hazardous. Many of those positions are 100% federally funded. Additionally, there are 100% federally funded temporary positions, such as van and truck drivers, whose claims experience is generally higher as reflected in the premium experience ratings.

During fiscal year 2006, we began charging worker's and unemployment compensation premiums to both state and federal funds aligning funding more closely with the way total personal services are paid. We believe this funding equity was already being accomplished through the Cost Allocation Plan implemented during 2004. An administrative cost pool was established to capture indirect costs, including worker's and unemployment compensation insurance, and used to allocate administrative costs to programs benefiting from them. The methodology of cost allocation is accomplished through manual procedures in our financial system, and admittedly is cumbersome; however, we can support that administrative costs are being equitably charged by funding source to our federally supported programs. Therefore, we believe we have resolved this finding.

5 copies of this document were published at an estimated printing cost of \$1.66 each, and a total printing cost of \$8.32. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.