

From: Soura, Christian
To: Boles, Les <LBoles@budget.sc.gov>
Date: 4/26/2012 1:47:10 PM
Subject: Quick Follow-Up

Would this do the job? Wanted to confirm before pressing for signature. Thanks.

CLS

April 27, 2012

NRH to White & Leatherman, cc Les Boles

The Department of Social Services (DSS) serves as the lead state agency for a variety of federally-supported programs that require a state match or have Maintenance of Effort provisions. Federal reporting requirements obligate DSS to provide information to the federal government not only regarding the agency's own expenditures, but also those of South Carolina's elementary, secondary, and post-secondary education institutions.

It is current practice for DSS to record other entities' spending on DSS' own books as "non-cash expenditures" within the agency's operating budget. This not only forces DSS to request additional Other Funds authority for spending that occurs elsewhere – it also has the effect of double-counting all such spending within the state's overall budget. This approach distorts the state's financial statements by artificially inflating the state's total expenditures and creates an additional compliance burden that offers no value to South Carolina's citizens.

The State Budget Division has prepared the enclosed summary of this issue, which recommends the establishment of a non-budgeted subfund in order to rationalize our accounting and reporting practices with respect to this matter. I endorse this recommendation and hope to work with you, your staff, and the Comptroller General to identify any similar situations that may be resolved accordingly.

(thanks/close)

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