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COMPTROLLER GENERAL

**To:** SCEIS Agency Financial Officers

**From:** Office of the Comptroller General

**Date:** April 27, 2026

**Subject:** Important Update: Discontinuation of Composite Reservoir Account (CRA) Balances in SCEIS Effective July 1, 2026 – Official Notice and Guidance

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### **Purpose and Authority**

This memorandum serves as official notice of a significant change in the accounting treatment of Composite Reservoir Accounts (CRAs) in the South Carolina Enterprise Information System (SCEIS) and provides comprehensive background and ongoing requirements.

This change is issued under the authority of the Comptroller General pursuant to South Carolina Code of Laws Title 11, Chapter 3 (establishing the Comptroller General's duties for fiscal oversight, accounting, reconciliation, and statewide financial reporting), and to ensure alignment with the **Bank Account Transparency and Accountability** proviso (Proviso 117.78 in the current Appropriations Act and recurring in prior acts), applicable state fiscal and banking statutes, and directives of the Office of the Comptroller General. The change standardizes the treatment of CRAs as accounts outside SCEIS, consistent with the proviso's framework for reporting and transparency of such funds, while addressing operational challenges that have affected efficient statewide financial reporting.

### **Definitions**

- **Composite Reservoir Accounts (CRAs):** Bank accounts custodied by the State Treasurer's Office (STO) that hold public funds intended to be maintained outside the state's book of record (SCEIS). Deposits and disbursements are handled directly by agencies outside of SCEIS. These accounts typically support restricted or privacy-sensitive needs (e.g., inmate trust funds, client/patient accounts).

Although custodied by the STO for banking and security purposes, CRAs remain solely the responsibility of the agency for management, reconciliation, and compliance. They are not eligible to receive interest earnings from the state, as the cash within these accounts is not invested by the STO in the same manner as pooled state funds. Historically, some agencies have recorded CRA balances in SCEIS, which this change addresses by requiring their removal to ensure consistent treatment.

- **Reconciliation:** The formal process of comparing agency ledger balances with STO bank statements and subsidiary records, identifying differences, and documenting adjustments to arrive at a reconciled balance.
- **Reconciled Balance:** The ending balance as of June 30 (fiscal year-end) that has been verified through reconciliation and adjusted for timing and recording differences. Also referred to as the “carrying value”.
- **Bank Statement:** Balance of cash in bank applicable to the respective bank account provided by the STO.

### **Background and Rationale**

Agencies are no longer permitted to retain or account for CRA balances within SCEIS. All CRA activity must be maintained through alternative subsidiary records and ledgers outside of SCEIS.

While this transition may require agencies to adapt existing record-keeping practices, it aligns with the state’s transparency goals and ultimately reduces statewide reconciliation complexities and inefficiencies that have affected statewide reporting.

Note that the Annual Comprehensive Financial Report (ACFR) is prepared using reconciled cash and investment closing packages submitted directly by agencies that hold CRAs, ensuring these balances are appropriately included in statewide financial statements regardless of SCEIS recording. However, the inconsistent presence of CRA balances and activities in SCEIS causes inefficiencies in the ACFR preparation process, including challenges in reconciling statewide cash positions and determining SCEIS vs. non-SCEIS items.

Moreover, the presence of CRA balances in SCEIS can lead to misunderstandings among ACFR users (e.g., auditors, rating agencies, or other stakeholders) who may attempt to tie or reconcile these amounts directly to SCEIS data. Currently, any such reconciliation requires explicit notation that CRA balances are not compiled from SCEIS but from agency-submitted closing packages—adding complexity and potential for error. Standardizing CRAs as non-SCEIS accounts eliminates this source of confusion while preserving full inclusion in statewide financial statements via direct agency reporting.

This change enforces the proviso's framework by standardizing CRAs as non-SCEIS accounts and addresses longstanding issues, including:

1. **Inconsistent treatment across agencies** — Not all agencies (including lump sum agencies and others) account for CRAs in SCEIS, leading to incomplete or uneven representation of these balances in SCEIS.
2. **Inconsistent accounting for CRA activity** — When recorded, agencies vary significantly in how they maintain transactions, updates, and balances in SCEIS.

These inconsistencies create inefficiencies in:

- Capturing accurate statewide cash balances for the Annual Comprehensive Financial Report (ACFR).
- Determining “what’s in and what’s out” of SCEIS for reconciliation, auditing, and financial reporting purposes—and could lead to confusion among ACFR users who may attempt to reconcile or tie CRA-related amounts to the state's book of record (SCEIS), even though such balances are sourced from agency closing packages rather than SCEIS.

By removing CRA balances from SCEIS entirely, the state achieves uniform standards and eliminates inefficiencies in the ACFR development process. Reconciled CRA amounts will continue to be reliably included in statewide financial statements based on agency-submitted data. This standardization will also streamline future audits and enhance confidence in South Carolina's financial reporting.

### **Effective Date and Action**

Effective **July 1, 2026** (the start of Fiscal Year 2027), the Comptroller General’s Office (CGO) will **remove all current CRA balances** from SCEIS on behalf of agencies. This action will clear any remaining CRA-related balances recorded in the system to align with the requirements above.

### **Agency Responsibilities**

- **Prior to July 1, 2026:** Fully reconcile all CRA activity as of June 30, 2026 (fiscal year-end) and prepare for submission of the required annual report to the State Fiscal Accountability Authority (SFAA) by **October 1, 2026** (covering FY2026 transactions). Note: No change from prior fiscal year-end reconciliations.
- **Ongoing Record-Keeping:** Maintain accurate subsidiary ledgers, transaction records, and reconciliations for CRAs **outside of SCEIS**. Agencies may no longer retain CRA balances in SCEIS; any existing balances must be cleared.
- **Monthly Reconciliations:** Perform monthly reconciliations of CRAs to compare agency records with STO-provided bank statements.
- **Annual Reconciliation Deadline:** Complete full reconciliations of CRAs no later than **July 31** each year, including allocation of reconciled balances across all utilized funds. Reconciliation documentation and source records must be available for State Auditor review.

- **Annual Detailed Transaction Reporting (Proviso Requirement):** By **October 1** each year, submit a detailed report for each CRA to SFAA using the prescribed common format. The report must include:
  - Name(s) and title(s) of each person authorized to sign checks or make withdrawals.
  - Name and title of the person responsible for reconciling the account.
  - Beginning and year-end balances.
  - Itemized deposits (date, amount, source).
  - Itemized expenditures (date, payee name, amount, description of goods or services). Reports will be publicly posted on the Comptroller General’s website and the agency’s homepage (unless an exemption is granted by SFAA).
- **Exemption Process:** If release of required information would be detrimental to the state or agency, petition SFAA for an exemption for the detrimental portion. The determination meeting will be closed, but any exemption requires a majority vote of SFAA in a public meeting.
- **Annual ACFR Reporting:** By **July 31** each year (beginning July 31, 2026), report the carrying value (reconciled balance) of CRA balances and the allocation across authorized funds to the CGO for inclusion in the state’s Annual Comprehensive Financial Report (ACFR) cash totals.
- **Audit Inclusion:** CRAs must be included in any State Auditor review or contracted audit of the agency.

**Assistance and Resources**

If you have questions about this transition, alternative record-keeping methods, reconciliation processes, the prescribed reporting format, exemption procedures, or any other aspect of these requirements:

- CGO staff are available to discuss options for tracking CRA bank transactions and reconciliations outside of SCEIS, or share forthcoming templates to support a smooth transition.
- Contact the Comptroller General’s Office at [cgooffice@cg.sc.gov](mailto:cgooffice@cg.sc.gov)

We appreciate your cooperation in implementing this change to maintain fiscal integrity, transparency, and statewide compliance.

Additional guidance and SCEIS-related notifications will be provided closer to the effective date.

Thank you for your continued commitment to sound financial stewardship.