State of South Carolina
Statewide Prior Period Adjustment Policy

This policy is current as of 7/1/2026 and has not been modified since its last publication on 3/31/2026.

Purpose

The following Statewide Accounting Policy has been established by the Comptroller General's Office to reduce errors, improve consistency and improve reporting. This policy addresses the use of Prior Period Adjustment(s). Consistent recording of the prior period adjustments transactions and inclusion of supporting documentation is required.

Accounting Principles:

Generally Accepted Accounting Principles (GAAP) has established its guidance for prior period adjustments relating to governmental entities through the issuance of Governmental Accounting Standards Board (GASB) Statement Number 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance,* which indicates that transactions to be reflected as prior period adjustments include: Operating Transfers, Debt Service Transfers, Investment Income Transfers and Forgiveness of Interfund Debt.

GASB 62 states "a correction of an error in a prior period should be accounted for and reported as a prior-period adjustment and excluded from the change in net assets section of the flows statement for the current period." This means that if an agency incorrectly reports a transaction or balance in one fiscal year which is not discovered until the following fiscal year, a prior period adjustment should be used to correct the error. Prior period adjustments include errors resulting from mathematical errors, mistakes in the application of accounting principles or oversight or misuse of facts that existed at the time the financial statements were prepared that are material to the presentation (greater than $100,000). Supporting documentation for a prior period adjustment must include the specific calculation (mathematical error / mistake), Accounting principle that was not correctly applied or the specific oversight or misuse of facts that existed at year end but was discovered after the issuance of the financial statements.

Prior Period Adjustments – General Fund

The General Fund is appropriated through the Appropriations Act. Amounts not expended at the end of the year are carried forward subject to the 10% threshold as mandated in the *Carry Forward* General Proviso of the Appropriations Act. Expenditures incurred within the General Fund (1XXXXXXX) are not subject to prior period adjustments. When a refund or reimbursement of expenditure is incurred within the General Fund and the refund/reimbursement is received in a subsequent fiscal year, the refund must be recorded to Refund of Prior Year Expenditure (G/L 45200100XX) using fund 2837XXXX. Agencies should not be reducing current year expenditures for reimbursements or refunds related to a previous fiscal year.

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Prior Period Adjustments – Other Funds

When a refund or reimbursement of expenditure is incurred with Other Funds and the refund/reimbursement is received in a subsequent fiscal year, the refund must be recorded to Refund of Prior Year Expenditure (G/L 45200100XX) using the same fund as the original expenditure. Agencies should not be reducing current year expenditures for reimbursements or refunds related to a previous fiscal year.

Prior Period Adjustments – Check Cancelation

Checks that are canceled after June 30th will result in the STO recording the canceled check using document type ZS. The amounts previously recognized as revenue and refunded will be recorded to Refund of Prior Year Revenue (G/L 4890450000). The amounts previously recognized as expenditures are recorded to Refund of Prior Year Expenditure (G/L 4520010000).

Prior Period Adjustments – Grants

Prior period adjustments generally should not be recorded to grants. There may be instances of prior period adjustments related to refunds received or errors on closed grants. Consult the CG's Financial Reporting staff to determine if prior period adjustment should be recorded. The grants are adjusted by recording revenue and expenditures. The revenue and expenditures are recognized as long as the grant period is open.

Prior Period Adjustments General Ledgers

Agencies must consult with the CG's Financial Reporting staff to seek approval for all adjustments considered material (greater than $100,000) prior to recording the Journal Entry to G/L 7000003000. Any adjustment not considered material must be recorded in current year revenue or expenditures.

7000001000	Prior Period Adjustments - ACFR	Restricted to Comptroller General's Financial Reporting. No agency transactions should be posted to this account.
7000002000	Financial Report Conversions	Restricted for use in system conversion and SCEIS implementation only. This G/L is also used for State Agencies created or dissolved by Legislation.
7000003000	Prior Period Adjustment - Agency	Used to correct an error resulting from a prior year transaction recorded to a revenue or expenditure G/L.
7000004000	Prior Period Adjustment - DOT Cap Proj Diff	Used to correct / adjust capital projects for DOT only.