Appendix D

Independent Public Accountant Response to Draft Report

= INSPIRED SOLUTIONS

SCOTT + MCELVEEN L.L.P.

May 24, 2010

Mr. Elliott P. Lewis
Assistant Inspector General for Audit
U. S. Department of Labor
Washington, DC 20210

Dear Mr. Lewis:

We have the following responses to your findings relating to your quality control review of the June 30, 2008 quality control review of the Single Audit for the South Carolina Employment Security Commission:

Finding #1: The Firm did not sufficiently demonstrate the planning and testing of internal controls for each major program in accordance with the 5 elements of COSO.

Firm's Response to Finding #1: We agree with the finding and acknowledge that we did not sufficiently demonstrate the planning and testing of internal controls for each major program in accordance with the 5 elements of COSO. Although we did document thoroughly the internal controls in place over financial reporting and believe that we sufficiently tested compliance over major programs, we do acknowledge that we did not use the 5 elements of the COSO framework to document our understanding of internal controls for the major programs for the South Carolina Employment Security Commission ("SCESC") single audit for the year ended June 30, 2008. Subsequent to the Quality Control Review ("QCR"), we performed our 2009 SCESC single audit using the 5 elements of COSO to document internal controls. In response to this finding, the United States Department of Labor Inspector General's Office ("OIG") has asked us to document 2008 internal controls over major programs by inquiring of SCESC management and verifying that the controls in place were the same in 2009 and 2008. After verifying this, we will determine if further control testing and compliance testing are necessary.

Finding #2: The Firm did not adequately document an understanding of the TAA program within the SCESC.

Firm's Response to Finding #2: Although significant compliance testing was performed relating to the TAA program, we agree with the finding and will provide additional audit documentation that clearly explains the TAA program within the SCESC.

CERTIFIED PUBLIC ACCOUNTANTS

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Finding #3: A cluster was not properly presented in the SEFA.

Firm's Response to Finding #3: We agree with your finding and acknowledge that we did not specifically identify CFDAs 17.207, 17.801, and 17.804 as a cluster in the Schedule of Federal Awards ("SEFA").

However, we did perform our auditing procedures and provided documentation in our work papers to reflect the programs as part of a cluster. Our Firm uses the PPC audit work programs for our single audits and as part of our Firm's quality control. For the SCESC single audit for the year ended June 30, 2008, we completed PPC's Single Audit Reporting Checklist which contained no steps related to a cluster or any mention of the word "cluster."

In future audits we will take necessary steps to identify all clusters in the SEFA. We will also add steps in our auditing procedures to ensure that clusters are considered in the reporting process and properly identified and that there is proper linkage between the audit work papers and the SEFA.

We will have the corrective action on the above comments completed and documented by August 31, 2010.

Please let me know if we can provide you with further information.

Sincerely,

Donald J. Mobley

Donald J. Mobley, CPA
Partner