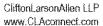
SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

AGREED UPON PROCEDURES

YEAR ENDED JUNE 30, 2015





INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

South Carolina Retirement System Investment Commission Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Retirement System Investment Commission (RSIC), solely to assist you with respect to the investment valuation and due diligence of RSIC for the fiscal year ended June 30, 2015. RSIC's management working jointly with Public Employee Benefit Authority/South Carolina Retirement System (PEBA) is responsible for the investment valuation. RSIC has the main responsibility for the investment due diligence performed on the underlying investments, with PEBA performing ongoing monitoring procedures related to their role in financial reporting. 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 those parties specified in the 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.

Our procedures and findings are as follows:

a. Investment Valuation

a. <u>Procedure</u>: Obtained the June 30, 2015 BNY Mellon IPM0005 Report issued on August 6, 2015. From such report, for each asset class (excluding "Cash" and "Short Duration") selected a sample representing at least 25% of the asset class balance. In-bank accounts and assets held in custody of BNY Mellon were excluded from selection and for purposes of calculating total asset class balance.

For each sample selected, determined the valuation method utilized was appropriate as defined in the "South Carolina Retirement System Investment Accounting Policies" contained within the RSIC and PEBA/SCRS Joint Valuation Policies and Procedures for the Defined Benefit Pension Trust Funds (effective March 2013) ("RSIC/PEBA Valuation Policy") through sighting of supporting documentation and agreeing the value through reperformance or sighting of the documentation (which were available prior/on BNY Mellon's cut-off date for its June 30, 2015 IPM0005 Report issued on August 6, 2015) that supported the valuation.

Results: No findings were noted.

b. <u>Procedure</u>: Selected a sample as defined (quarterly – sample of two, annually – sample of one) and obtained documentation that the "Joint Procedures" in the RSIC/PEBA Valuation Policy were performed.



Results: No findings were noted.

b. Due Diligence

a. <u>Procedure</u>: Selected a sample of five new investment funds that were approved by the South Carolina Retirement System Investment Commission during Fiscal Year 2015 via review of Investment Commission meeting minutes. For these selections, inspected documentation of initial due diligence performed by the Commission to determine compliance with Section III. New Investment Manager Due Diligence Process within the RSIC Due Diligence Guidelines (Adopted Nov. 8, 2012 and amended November 6, 2014).

Results: No findings were noted.

b. <u>Procedure:</u> Selected a sample of ten current, as of June 30, 2015, (but not hired during fiscal year end June 30, 2015) investment funds from the BNY Mellon IPM0005 Report issued August 6, 2015, and inspected documentation of ongoing due diligence performed by the Commission in order to determine compliance with Section IV. Ongoing Investment Due Diligence Guidelines within the RSIC Due Diligence Guidelines (Adopted Nov. 8, 2012 and amended November 6, 2014). For each selection, selected three months for monthly requirements, two quarters for quarterly requirements, and one period for "semi-annual requirements."

Results: We noted that the Audited Financial Statements Checklist documenting the annual review of audited financial statements was performed outside of the required 150 calendar days of audit year-end for two of the ten direct investments selected. No additional findings noted.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the investment valuation and due diligence of RSIC. 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 South Carolina Retirement System Investment Commission and is not intended to be and should not be used by anyone other than this specified party.

CliftonLarsonAllen LLP

Clifton Larson Allen LLP

Baltimore, Maryland March 1, 2016