



South Carolina Transportation Infrastructure Bank

November 12, 1999

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Dear Mr. Laban:

The following is provided in response to the Material Reportable Weaknesses and recommendations contained in the FY99 audit of the South Carolina Transportation Infrastructure Bank.

MATERIAL REPORTABLE WEAKNESSES

GENERAL LEDGER NOT MAINTAINED RECOMMENDATION:

We recommend that the Bank establish and maintain a general ledger which accurately records all of the financial activity of the Bank in accordance with generally accepted accounting principles.

RESPONSE:

The Bank's financial activity is recorded through an accounting software program. Detailed records on financial activity regarding bond debt service accounts have not been kept in this system as they are recorded by the State Treasurer's Office. Beginning in FY 1999-2000, the Bank will also maintain detail of activity in these accounts in its accounting system.

RECOMMENDATION:

We recommend that the overall needs for insurance coverage be reviewed, and, to the extent coverage is required, it be obtained.

RESPONSE:

At its March 3, 1999 meeting, the Infrastructure Bank Board asked Mr. Madden to review the insurance coverage requirements for the Bank. At its July 7, 1999 meeting, it was reported that the recommendation of an insurance consultant is to acquire general tort liability insurance and automobile liability insurance through the Insurance Reserve Fund and to acquire officer's liability insurance. Mr. Madden was authorized by the Board to negotiate for the recommended insurance coverages. Currently, the Bank Board has obtained automobile liability coverage and general tort liability coverage from the State Budget and Control Board and workers compensation coverage for Board members through the State Accident Fund. The competitive bid procurement process is underway for a Directors' and Officers' liability policy as well as a fidelity policy.