

**SOUTH CAROLINA DEPARTMENT OF
TRANSPORTATION – MASS TRANSIT DIVISION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2008

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State of South Carolina



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SPECIAL LETTER

June 19, 2009

The Honorable Mark Sanford, Governor
and
Members of the Commission
South Carolina Department of Transportation
Columbia, South Carolina

We are required by Section 12-28-2725 of the 1976 South Carolina Code of Laws, as amended, to annually audit regional transit authorities receiving funds from the South Carolina Department of Transportation. To meet this requirement in the most efficient and economical way, knowing that each of the regional transit authorities is audited annually by independent Certified Public Accountants, we arranged for the South Carolina Department of Transportation's Mass Transit Division to perform the following procedures:

- Receive and review each authority's Single Audit or Financial Audit report for the fiscal year ending June 30, 2008.
- Follow-up and resolve with written documentation any findings of noncompliance or internal control weaknesses.
- Maintain a written summary of Single Audit or Financial Audit reports received and reviewed.
- Perform monitoring procedures as required by the Office of Management and Budget (OMB) Circular A-133.

We reviewed Department documentation demonstrating that the Mass Transit Division was performing reviews of the Single Audit reports, performing procedures to ensure timely follow-up and resolution of findings reported in the Single Audit or Financial Audit reports of the regional transit authorities. However, we did note a finding with respect to the Division's performance of its monitoring procedures. See Accountant's Comment on next page.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

We noted one out of twenty-four regional transit authorities did not have a letter of receipt or close out for their single audit report for the period ending September 30, 2007. Additionally, we noted another authority did not file an official extension with Mass Transit for additional time to submit their single audit report.

The Department's Division of Mass Transit (DMT) Financial Statement Audit Policy and Procedures manual requires a Fiscal Analyst to prepare a response identifying the review status within 90 days of receipt of the audit report. The manual also requires subrecipients to submit the audit before a specific due date and if it has not been submitted; an official extension should be filed with DMT.

We recommend the DMT follow its procedures to ensure that proper supporting documentation is maintained and that regional transit authorities adhere to DMT Financial Statement Audit Policies and Procedures.

MANAGEMENT'S RESPONSE



Secretary of Transportation
South Carolina Department of Transportation

August 6, 2009

Mr. Richard H. Gilbert, Jr., CPA, Deputy State Auditor
Office of the State Auditor, State of South Carolina
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Dear Mr. Gilbert:

This letter is in reference to your letter dated July 24, 2009, regarding the audit review of the South Carolina Department of Transportation (SCDOT) Division of Mass Transit's (DMT) procedures for monitoring regional transit authorities.

We concur with the premise of the review and have implemented corrective actions to address the two recommendations. In the future, staff will ensure that letters of receipt or close-out of single audit reports are issued to regional transit authorities in a timely manner. Also, all agencies will be informed that requests for audit report extensions must be submitted in writing to DMT and an official letter authorizing extension will be issued to the agency requesting the extension.

As requested, a diskette containing a copy of this letter and a current list of SCDOT Commission members with their addresses is enclosed. I appreciate the opportunity to comment on the review. If you have any questions or need additional information, please contact Glennith C. Johnson, Deputy Secretary for Mass Transit, at (803) 737-0831.

Sincerely,

A handwritten signature in black ink that reads "H B Limehouse".

H. B. Limehouse, Jr.
Secretary of Transportation

HBLljk

Enclosure

cc: Glennith C. Johnson, Deputy Secretary for Mass Transit

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