

# STATE OF NORTH CAROLINA

## HOKE COUNTY PARTNERSHIP FOR CHILDREN AND FAMILIES

### FINANCIAL RELATED AUDIT

APRIL 2013

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

STATE AUDITOR

**HOKE COUNTY PARTNERSHIP FOR CHILDREN AND  
FAMILIES**

**FINANCIAL RELATED AUDIT**

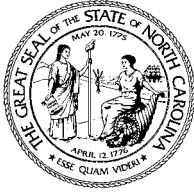
**APRIL 2013**

**BOARD OF DIRECTORS**

**MIKE WOOD, CHAIR**

**ADMINISTRATIVE OFFICERS**

**JEAN SQUIER, EXECUTIVE DIRECTOR**



Beth A. Wood, CPA  
State Auditor

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**AUDITOR'S TRANSMITTAL**

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April 19, 2013

The Honorable Pat McCrory, Governor  
The General Assembly of North Carolina  
Board of Directors, Hoke County Partnership for Children and Families  
Jean Squier, Executive Director

This report presents the results of our financial related audit at the Hoke County Partnership for Children and Families. Our work was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

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## BACKGROUND

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As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes*, we have conducted a financial related audit at the Hoke County Partnership for Children and Families. There were no special circumstances that caused us to conduct the audit, but rather it was performed as part of our effort to periodically examine and report on the financial practices of state agencies and institutions.

Smart Start is North Carolina's early childhood initiative designed to ensure that young children enter school healthy and ready to succeed. The Smart Start program is a public-private initiative that provides early education funding to all of the state's 100 counties. Smart Start funds are administered at the local level through local nonprofit organizations called local partnerships. The North Carolina Partnership for Children is the statewide nonprofit organization that provides oversight and technical assistance for local partnerships. Services at the local level range depending on local needs. Smart Start funds are used to improve the quality of child care, make child care more affordable and accessible, provide access to health services and offer family support.

Hoke County Partnership for Children and Families is a local nonprofit organization with the mission to ensure children in Hoke County, birth to five years old, are prepared for success in school and in life. Officially formed in 1994, Hoke County Partnership for Children and Families goals are to:

- a) improve the quality, accessibility and affordability of child care,
- b) provide preventive health and early intervention services, and
- c) offer family support services.

## AUDIT SCOPE AND OBJECTIVES

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The general objective of this financial related audit was to identify improvements needed in internal control over selected fiscal matters. Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that relevant objectives are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. Our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

Our audit scope covered the period July 1, 2012 through December 31, 2012. During our audit, we considered internal control related to the following accounts and control objectives:

*Services and Contracts Expenditures* - We examined internal controls designed to ensure that the Partnership effectively contracted with entities and monitored those contracts in accordance with State requirements, including program and fiscal goals and objectives as well as laws related to the administration of state funds. Hoke County Partnership for Children and Families (Partnership) disburses state funds for the Smart Start program to governmental and nongovernmental organizations. During the audit period, the Partnership reported \$129,375.17 in Smart Start expenditures.

*Salary Expenditures* - We examined internal controls designed to ensure compliance with laws limiting the amount of State funds that can be used for specified employee salaries. During our audit period, the Partnership reported \$71,666.36 in salary expenditures, \$24,937.56 of which was attributable to the specified employees.

## METHODOLOGY

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To accomplish our audit objective, we gained an understanding of internal control over matters described in the *Audit Scope and Objectives* section of this report and evaluated the design of the internal control. We then performed further audit procedures consisting of tests of control effectiveness and/or substantive procedures that provide evidence about our audit objectives. Specifically, we performed procedures such as interviewing personnel, observing operations, reviewing policies, analyzing accounting records, and examining documentation supporting recorded transactions and balances. Whenever sampling was used, we applied a nonstatistical approach but chose sample sizes comparable to those that would have been determined statistically. As a result, we were able to project our results to the population but not quantify the sampling risk.

As a basis for evaluating internal control, we applied the internal control guidance contained in professional auditing standards. As discussed in the standards, internal control consists of five interrelated components, which are (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

We conducted this audit in accordance with generally accepted government auditing standards applicable to performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS AND CONCLUSIONS**

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The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under generally accepted government auditing standards.



## ORDERING INFORMATION

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This audit required 125 audit hours at an approximate cost of \$9,000