



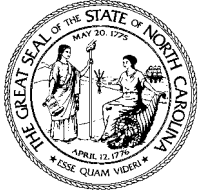
STATE OF NORTH CAROLINA

AUDIT RESULTS FROM
CAFR AND SINGLE AUDIT PROCEDURES
OFFICE OF THE STATE CONTROLLER
FOR THE YEAR ENDED JUNE 30, 2002

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

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March 7, 2003

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Mr. Robert L. Powell, State Controller
Office of the State Controller

We have completed certain audit procedures at the Office of the State Controller related to the State's *Comprehensive Annual Financial Report (CAFR)* and the State's *Single Audit Report*, for the year ended June 30, 2002. Our audit was made by authority of Article 5A of Chapter 147 of the General Statutes.

We are pleased to advise you that these procedures, as described below, yielded no audit findings and recommendations for the Office of the State Controller related to the State's financial statements or the State's federal financial assistance programs which require disclosure in the aforementioned reports.

The accounts and operations of the Office of the State Controller are an integral part of the State's reporting entity represented in the *CAFR* and the *Single Audit Report*. In the *CAFR*, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor also presents the results of tests on the State's internal control and on the State's compliance with laws, regulations, contracts, and grants applicable to the State's financial statements and to its federal financial assistance programs. The audit procedures were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133.

As part of the work necessary for issuance of the *CAFR* and the *Single Audit Report*, the following individual funds and federal programs of the State were subjected to audit procedures at the Office of the State Controller as we considered necessary:

Funds for the *Comprehensive Annual Financial Report*:

Internal Control Over Statewide Financial Reporting
Preparation of the *Comprehensive Annual Financial Report*

Federal Programs for the *Single Audit Report*:

Compliance with the Federal Cash Management Improvement Act
Compilation of the Schedule of Expenditures of Federal Awards

The individual funds and federal programs subjected to audit at the Office of the State Controller are substantially less in scope than would be necessary to report on the financial statements that relate solely to the Office or the administration of federal programs by the Office. Therefore, we do not express such conclusions.

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.

Respectfully submitted,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." The signature is written in a cursive style with a large, prominent initial 'R'.

Ralph Campbell, Jr.
State Auditor

DISTRIBUTION OF AUDIT REPORT

In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

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The Honorable Beverly M. Perdue
The Honorable Richard H. Moore
The Honorable Roy A. Cooper, III
Mr. David T. McCoy
Mr. Robert L. Powell

Governor of North Carolina
Lieutenant Governor of North Carolina
State Treasurer
Attorney General
State Budget Officer
State Controller

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Appointees to the Joint Legislative Commission on Governmental Operations

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Senator Patrick J. Ballantine
Representative N. Leo Daughtry
Representative Joe Hackney
Mr. James D. Johnson

Majority Leader of the N. C. Senate
Minority Leader of the N. C. Senate
Minority Leader of the N. C. House of Representatives
N. C. House Speaker Pro-Tem
Director, Fiscal Research Division

March 14, 2003

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