

STATE OF NORTH CAROLINA

AUDIT RESULTS FROM

CAFR AND SINGLE AUDIT PROCEDURES

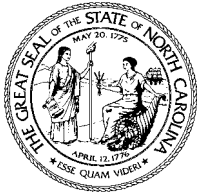
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

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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January 31, 2003

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Mr. William G. Ross, Jr., Secretary
Department of Environment and Natural Resources

We have completed certain audit procedures at the Department of Environment and Natural Resources related to the State's *Single Audit Report*, for the year ended June 30, 2002. Our audit was made by authority of Article 5A of *North Carolina General Statute 147*.

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

The accounts and operations of the Department of Environment and Natural Resources 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 federal programs of the State were subjected to audit procedures at the Department of Environment and Natural Resources as we considered necessary:

Funds for the *Comprehensive Annual Financial Report*:

None

Federal Programs for the *Single Audit Report*:

66.458 Clean Water State Revolving Fund
66.468 Drinking Water State Revolving Fund
83.544 Public Assistance Program

The individual funds and federal programs subjected to audit at the Department of Environment and Natural Resources are substantially less in scope than would be necessary to report on the financial statements that relate solely to the Department or the administration of federal programs by the Department. 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 cursive script that reads "Ralph Campbell, Jr." The signature is written in black ink and is positioned above the printed name.

Ralph Campbell, Jr.
State Auditor

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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 Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Mr. William G. Ross, Jr.	Secretary, Department of Environment and Natural Resources

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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

February 10, 2003

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