



STATE OF NORTH CAROLINA

OFFICE OF THE STATE CONTROLLER

STATEWIDE FINANCIAL AUDIT PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2007

OFFICE OF THE STATE AUDITOR

LESLIE W. MERRITT, JR., CPA, CFP

STATE AUDITOR



STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

January 28, 2008

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 of North Carolina reporting entity as presented in the *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report* for the year ended June 30, 2007. Our audit was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes*.

In the *CAFR*, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor presents the results of tests of internal control and compliance with laws, regulations, contracts and grants applicable to the State's financial statements and to its federal financial assistance programs. Our 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 the Single Audit Act as applicable. Our audit scope at the Office of the State Controller included the following:

State of North Carolina's Financial Statements

- General Fund Revenues Financial Reporting Unit
- Internal Control over Statewide Financial Reporting
- Preparation of the *Comprehensive Annual Financial Report*

State of North Carolina's Administration of Federal Financial Assistance Programs

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

Our audit procedures at the Office of the State Controller were less in scope than would be necessary to report on the financial statements that relate solely to the Office of the State Controller or its administration of federal programs. Therefore, we do not express such conclusions.

The results of our audit procedures disclosed no matters involving internal control, instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Single Audit Act.

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 black ink that reads "Leslie W. Merritt, Jr." in a cursive script.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

ORDERING INFORMATION

Audit reports issued by the Office of the State Auditor can be obtained from the web site at www.ncauditor.net. Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting the:

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State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Telephone: 919/807-7500

Facsimile: 919/807-7647