



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>

June 20, 2006

Ms. Gail A. Walters
Director, Operations and Development
Marine Corp Museum of the Carolinas
626 New Bridge Street
Jacksonville, North Carolina 28540

RE: Review of State Grant Expenditures

Dear Ms. Walters:

In the later part of May, we performed a review of the Marine Corp Museum (Museum) of the Carolinas as a part of a follow-up of special appropriations of a \$ 1.5 million grant made by the State of North Carolina. These funds were intended to assist the Museum in its planning efforts. As a part of this review, we assessed the agency's internal controls and reviewed a sample of expenditures made by the Museum using these funds to assure compliance with the terms of the grant. This letter contains the finding and recommendation for consideration.

We examined 19 expenditures (54%) from a population of 35 total expenditures. The sample totaled \$351,281 of the \$462,908 expended (76% of the expenditures). In examining these expenditures, we noted that the Museum has standard operating procedures in place. In addition, the Board is very involved and reviews each expenditure. While we had some minor questions which were discussed with you during the review, the expenditures were made in compliance with the terms of the grant.

We appreciate your cooperative attitude during this review. If you have questions, or wish to discuss this review further, please contact John Price, Audit Supervisor, 919-807-7605. We wish you the best in the future as you continue your endeavors to establish the Marine Corp Museum and look forward to touring the completed Museum.

Respectfully submitted,

Leslie W. Merritt, Jr.

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