



STATE OF NORTH CAROLINA
Office of the State Auditor

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

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August 30, 2006

Ms. Andrea Millington, Internal Auditor
Department of Juvenile Justice & Delinquency Prevention
Raleigh, NC

RE: Review of Western Youth Network Grant
Grant Amount: \$252,900 State Fiscal Year 2005

Dear Ms. Millington:

The Office of the State Auditor conducted a review of the grant awarded to the Western Youth Network after receipt of an allegation of co-mingling of funds. The review, conducted by John Price, included examining a sample of 35 expenditures to examine their reasonableness, whether the expenditures were approved and had supporting documentation, and whether the internal controls over the grant funds were adequate. These expenditures sampled totaled \$11,621.23, or approximately 5% of the total grant amount.

The review showed that the Network was co-mingling funds in one checking account and that it did not have an adequate chart of accounts to identify expenditures as they related to grant funds. Therefore, we could not be sure what payments were made with grant funds and what payments were made with other funds. However, while we noted the following problems, we did not note any payments in the sample that would not have been allowed with the grant funds, with the exception of the possible personal calls. The results of the sample showed the following:

- 4 payments of credit card statements did not have the supporting documentation attached
- 1 payment was made without the Executive Director's approval
- 2 cell phone payments contained excessive calls above the plan minutes and many calls that appeared personal in nature

These concerns were discussed with the Executive Director who planned to take immediate steps to correct them. We recommend that you follow up on these issues during your next on-site monitoring visit, especially looking to see if the Network has established a chart of account to allow specific accounting of State grant funds and to confirm that the personal calls have been reimbursed.

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If you have any questions relative to the review, please contact Janet Hayes, Director, at 919-807-7558, Janet_Hayes@ncauditor.net, or Mr. Price at 919-807-7605, John_Price@ncauditor.net, to discuss.

Sincerely,

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

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

cc: Secretary George Sweat Department of Juvenile Justice and Delinquency Prevention
Ms. Jennifer Grubb, Executive Director Western Youth Network