



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 18, 2007

Mr. Alfred Thomas, Contract Administrator
New Hanover Community Health Center, Inc.
925 North 4th Street
Wilmington, NC 28401

RE: State Grants from the Department of Health and Human Services—
State Fiscal Year 2005, \$423,624,
State Fiscal Year 2006, \$327,671.

Dear Mr. Thomas:

We completed certain limited procedures listed below during an examination conducted on June 13, 2007 at New Hanover Community Health Center, Inc. (New Hanover). This examination was related to New Hanover's management of the State grant funds referenced above. Our objective was to identify whether or not deficiencies in internal control; instances of noncompliance with laws, regulations, and provisions of contracts or grants agreements; and/or deficiencies in the management of financial resources existed based solely on those procedures.

These procedures do not constitute an audit, examination or a review as described in professional standards governing those types of services. Furthermore, our procedures were not agreed upon by you or any third party. Our procedures do not provide a basis for providing any level of assurance regarding internal control, compliance or financial management and should not be relied upon for that purpose.

Specifically, our procedures consisted of the following:

- Interviewing personnel;
- Examining accounting and other grant records for the purpose of identifying state grant transactions;
- Examining documentation supporting selected transactions and balances;
- Reviewing available policies and procedures and other relevant documentation.

The results of these procedures did not disclose internal control deficiencies, instances of noncompliance, and/or other matters of concern. Thus, you do not need to provide a written response to this letter.

This letter will be published on our Electronic Publication System (EPS) at www.ncauditor.net. You and others who are interested in the publication should register with EPS on the web site. Registered parties will receive an email notification and a link to the publication as soon as it is available.

This letter is intended solely for the information and use of the board of directors, management of the New Hanover Community Health Center, Inc., the Governor, the General Assembly, and grantor agency and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



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

LWMjr/jhp

Cc: Secretary Carmen Hooker Odom
Department of Health and Human Services
Ms. Laketha Miller, Controller
Department of Health and Human Services