



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

STATE OF NORTH CAROLINA
Office of the State Auditor

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April 14, 2008

Mr. Lonnie Cole, Sr., Chief
Stem Community Fire Department and EMS, Inc.
PO Box 141
Stem, NC 27581

RE: State Grants from the Department of Insurance
State Fiscal Year 2005, \$ 8,619 (remitted in 2006)
State Fiscal Year 2006, \$ 10,496 (remitted in 2007)

Dear Mr. Cole:

This report presents the results of our fiscal control audit of the Stem Community Fire Department & EMS, Inc. Our work was performed by authority of Article 5A of Chapter 147 of the North Carolina General Statutes and was conducted in accordance with the standards contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The objective of a fiscal control audit is to identify improvements needed in internal control over selected fiscal matters, such as financial accounting and reporting; compliance with finance-related laws, regulations, and provisions of contracts or grant agreements; and/or management of financial resources. North Carolina statutes authorize the Office of the State Auditor to have ready access to all records related to State and Federal funds. See N.C.G.S. § 143C-6-23.

To accomplish audit objectives, we gained an understanding of internal control over matters described above and evaluated the design of the internal control. We then performed further audit procedures consisting of tests of control effectiveness and/or substantive procedures that may reveal significant deficiencies in internal control.

Procedures included, but were not limited to, interviewing personnel; examining accounting and other grant records for the purpose of identifying state grant transactions; reviewing available policies and procedures; and reviewing available board minutes.

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We examined internal control designed to ensure that the Stem Community Fire Department and EMS, Inc. used the grant funds for their intended purpose. The results of the audit conducted on March 28, 2008 did not disclose internal control deficiencies, instances of noncompliance and/or other matters of concern that are considered reportable under Government Auditing Standards.

Since no significant matters of concern were detected, we do not require a response from your entity.

This letter will be published on-line at www.ncauditor.net. You and others who are interested in the publication should register on the web site to receive an email notification and a link to the publication as soon as it is available.

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

LWMjr/jef

CC: Commissioner Jim Long,
Department of Insurance