



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

STATE OF NORTH CAROLINA
Office of the State Auditor

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July 11, 2008

Ms. Denny Mecham
Executive Director
The North Carolina Pottery Center
P. O. Box 531233 East Avenue
Seagrove, NC 27641-0531

RE: State Grants from the Department of Cultural Resources
State Fiscal Year 2006, \$27,500
State Fiscal Year 2007, \$51,300

Dear Ms. Mecham:

This report presents the results of our fiscal control audit of The North Carolina Pottery Center. 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.

We examined internal control designed to ensure that The North Carolina Pottery Center used the grant funds for their intended purpose. The results of the audit conducted on June 12, 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: Secretary Lisbeth C. Evans
Department of Cultural Resources