

FINANCIAL STATEMENT AUDIT REPORT OF  
THE BERTIE COUNTY PARTNERSHIP FOR CHILDREN, INC.  
WINDSOR, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2001

PERFORMED UNDER CONTRACT WITH THE  
NORTH CAROLINA OFFICE OF STATE AUDITOR  
RALPH CAMPBELL, JR.

**FINANCIAL STATEMENT AUDIT REPORT OF**  
**THE BERTIE COUNTY PARTNERSHIP FOR CHILDREN, INC.**

**WINDSOR, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2001**

**BOARD OF DIRECTORS**

**PATRICIA FERGUSON, CHAIRPERSON**

**ADMINISTRATIVE OFFICER**

**VERNESTINE SPELLER, EXECUTIVE DIRECTOR**



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA

# Office of the State Auditor

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## AUDITOR'S TRANSMITTAL

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The Honorable Michael F. Easley, Governor  
The General Assembly of North Carolina  
Board of Directors, The Bertie County Partnership for Children, Inc.

This report presents the results of the financial statement audit of the The Bertie County Partnership for Children, Inc. for the year ended June 30, 2001. Crisp Hughes Evans LLP performed the audit under contract with the Office of the State Auditor, and their report is submitted herewith.

The audit of the The Bertie County Partnership for Children, Inc. was made in conjunction with the Early Childhood Initiatives (Smart Start) program authorized by G.S. 143B-168.10-.16. This statute created the North Carolina Partnership for Children, Inc. and required the implementation of local partnerships. The The Bertie County Partnership for Children, Inc. is one of these local partnerships. As such, the The Bertie County Partnership for Children, Inc. is a private nonprofit 501(c)(3) organization and is required by G.S. 143B-168.14 to have an annual financial and compliance audit conducted by the State Auditor. The State Auditor's authority to perform or coordinate all audit functions for state government is set forth in Article 5 of Chapter 147 of the North Carolina General Statutes.

The significant Smart Start expansion authorized in the 1998 fiscal year almost doubled the related audit burden placed on the Office of the State Auditor. Therefore, the General Assembly, in its 1998-99 Expansion Budget, gave recognition to the resources needed to provide the audit oversight required by statute. Those resources incorporated a combination of permanent positions and contract funding to make the Smart Start audit effort self-sustaining.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of all audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads "Ralph Campbell, Jr.".

Ralph Campbell, Jr.  
State Auditor

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## INDEPENDENT AUDITORS' REPORT

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Board of Directors  
The Bertie County Partnership for Children, Inc.  
Windsor, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis of The Bertie County Partnership for Children, Inc. (Bertie County Partnership) as of June 30, 2001, and the related Statement of Functional Expenditures - Regulatory Basis for the year then ended. These financial statements are the responsibility of the Bertie County Partnership Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc., which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of The Bertie County Partnership for Children, Inc. as of June 30, 2001, and the results of its operations for the year then ended, on the basis of accounting described in Note 1.

## INDEPENDENT AUDITORS' REPORT (CONCLUDED)

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2002 on our consideration of the Bertie County Partnership Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the independent auditors' report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of The Bertie County Partnership for Children, Inc. taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the partnership, the North Carolina Partnership for Children, Inc., the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.

January 24, 2002

*Crisp Hughes Evans LLP*

*The Bertie County Partnership for Children, Inc.*  
*Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis*  
*For the Year Ended June 30, 2001* *Exhibit A*

	Unrestricted Funds		Temporarily Restricted Funds	Total Funds
	Smart Start Fund	Other Funds		
<b>Receipts:</b>				
State Awards (less refunds of \$48,727)	\$ 695,320	\$ 59,917	\$ -	\$ 755,237
Private Contributions	-	28,489	4,668	33,157
Interest and Investment Earnings	-	1,817	-	1,817
Sales Tax Refunds	-	6,721	-	6,721
Other Receipts	4,489	-	-	4,489
<b>Total Receipts</b>	<b>699,809</b>	<b>96,944</b>	<b>4,668</b>	<b>801,421</b>
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	364	(364)	-
	<b>699,809</b>	<b>97,308</b>	<b>4,304</b>	<b>801,421</b>
<b>Expenditures:</b>				
Programs:				
Child Care and Education Quality	243,099	-	-	243,099
Child Care and Education Accessibility and Availability	27,000	-	-	27,000
Child Care and Education Affordability	207,347	12,332	-	219,679
Health and Safety	40,177	47,930	-	88,107
Family Support	20,891	-	-	20,891
Support:				
Management and General	118,993	10,048	-	129,041
Program Evaluation	45,967	15,448	-	61,415
Other:				
Sales Tax Paid	-	3,515	-	3,515
<b>Total Expenditures</b>	<b>703,474</b>	<b>89,273</b>	<b>-</b>	<b>792,747</b>
<b>Excess of Receipts Over (Under) Expenditures</b>	<b>(3,665)</b>	<b>8,035</b>	<b>4,304</b>	<b>8,674</b>
<b>Net Assets at Beginning of Year</b>	<b>44,225</b>	<b>(4,917)</b>	<b>8,584</b>	<b>47,892</b>
<b>Net Assets at End of Year</b>	<b>\$ 40,560</b>	<b>\$ 3,118</b>	<b>\$ 12,888</b>	<b>\$ 56,566</b>
<b>Net Assets Consisted of:</b>				
Cash on Deposit	<b>\$ 40,560</b>	<b>\$ 3,118</b>	<b>\$ 12,888</b>	<b>\$ 56,566</b>

The accompanying notes are an integral part of these statements.

*The Bertie County Partnership for Children, Inc.*  
*Statement of Functional Expenditures - Regulatory Basis*  
*For the Year Ended June 30, 2001*

*Exhibit B*

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating	Fixed Charges and Other	Property and Equipment Outlay	Services/ Contracts/ Grants	Participant Training
<b>Smart Start Fund:</b>									
<b>Programs:</b>									
Child Care and Education Quality	\$243,099	\$ 99,854	\$ 22,962	\$ 5,793	\$ 12,895	\$ 3,390	\$ 4,129	\$ 73,217	\$ 20,859
Child Care and Education Accessibility and Availability	27,000	-	-	-	-	-	-	27,000	-
Child Care and Education Affordability	207,347	30,340	-	936	2,171	418	544	172,938	-
Health and Safety	40,177	-	-	-	-	-	-	40,177	-
Family Support	20,891	-	-	-	-	-	-	20,891	-
<b>Support:</b>									
Management and General	118,993	78,801	4,467	5,699	18,471	8,280	3,275	-	-
Program Evaluation	45,967	40,951	-	443	3,117	466	990	-	-
<b>Total Smart Start Fund Expenditures</b>	<b>\$703,474</b>	<b>\$249,946</b>	<b>\$ 27,429</b>	<b>\$12,871</b>	<b>\$ 36,654</b>	<b>\$ 12,554</b>	<b>\$ 8,938</b>	<b>\$ 334,223</b>	<b>\$ 20,859</b>
<b>Other Funds:</b>									
<b>Programs:</b>									
Child Care and Education Affordability	\$ 12,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,332	\$ -
Health and Safety	47,930	-	33,935	8,083	5,912	-	-	-	-
<b>Support:</b>									
Management and General	10,048	-	6,955	-	1	873	2,219	-	-
Program Evaluation	15,448	-	9,641	4,588	1,219	-	-	-	-
<b>Other:</b>									
Sales Tax Paid	3,515	-	-	3,515	-	-	-	-	-
<b>Total Other Funds Expenditures</b>	<b>\$ 89,273</b>	<b>\$ -</b>	<b>\$ 50,531</b>	<b>\$16,186</b>	<b>\$ 7,132</b>	<b>\$ 873</b>	<b>\$ 2,219</b>	<b>\$ 12,332</b>	<b>\$ -</b>

The accompanying notes are an integral part of these statements.



**THE BERTIE COUNTY PARTNERSHIP FOR CHILDREN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2001**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Organization and Purpose** - The Bertie County Partnership for Children, Inc. (Bertie County Partnership) is a legally separate nonprofit organization incorporated on April 15, 1996. The Bertie County Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Bertie County Partnership is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code.
- B. Basis of Presentation** - The accompanying financial statements present all funds for which the Bertie County Partnership Partnership's Board of Directors is responsible. In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations," the accompanying financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Statement, temporarily restricted contributions received and expended in the same year are reported as unrestricted receipts rather than as temporarily restricted receipts.

Contributions that are temporarily restricted and not expended within the year received are reported as an increase in temporarily restricted net assets. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of receipts, expenditures, and net assets as net assets released from restrictions.

The Bertie County Partnership did not have any permanently restricted net assets at June 30, 2001.

- C. Basis of Accounting** - The accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc. This basis differs from accounting principles generally accepted in the United States of America, primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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However, unexpended advances to contractors that revert back to the State are recognized as a reduction to expenditures and an increase to net assets.

**D. Use of Estimates** - The financial statements include estimates and assumptions made by management for the allocation of joint costs. It is management's belief that these estimates are reasonable and fair.

### **NOTE 2 - DEPOSITS**

All funds of the Bertie County Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Deposits over this amount subject the Bertie County Partnership to a concentration of credit risk. The Bertie County Partnership's bank deposits in excess of the FDIC insured limit totaled \$174,834 at June 30, 2001.

### **NOTE 3 - FUNDING FROM GRANT AWARDS**

**Smart Start Program** - The Bertie County Partnership's major source of revenue and support is from the State of North Carolina based on cost-reimbursement contracts with the North Carolina Partnership for Children, Inc. (NCPC) for the Smart Start Program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Bertie County Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Bertie County Partnership is responsible for developing a comprehensive, collaborative, long-range plan of services to children and families for the service-delivery area.

The Bertie County Partnership was awarded \$759,781 under a current year Smart Start contract with NCPC and has received \$744,034 of this amount. The unexpended balance of this contract is subject to reversion to the State. The Partnership has returned \$40,480 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2001.

The Partnership expects to receive continued funding through new Smart Start contracts with the State.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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### **NOTE 4 - RELATED PARTY TRANSACTIONS**

**Service Provider Contracts with Board Member Organizations** - The board members of the Bertie County Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Bertie County Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements.

### **NOTE 5 - FUNCTIONAL EXPENDITURES**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis. Also, the Statement of Functional Expenditures - Regulatory Basis provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

#### **A. Program Functions**

**Child Care and Education Quality** - Used to account for service activities including quality enhancement grants, child care resource and referral, child care substitutes, salary supplements and child care provider support.

**Child Care and Education Accessibility and Availability** - Used to account for service activities associated with increasing child care spaces.

**Child Care and Education Affordability** - Used to account for service activities including increasing the market rate, eliminate waiting list and supplement for quality.

**Health and Safety** - Used to account for service activities including vision screening, prenatal/newborn services, outreach nurses, comprehensive health support and school readiness/developmental screenings.

**Family Support** - Used to account for service activities associated with general family support.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**B. Support Functions**

**Management and General** - Expenditures that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenditures for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

**Program Evaluation** - Expenditures that are incurred to monitor the performance of service providers as to the delivery of services and adherence to the specific terms and conditions of the contracts.

**C. Allocation of Joint Costs**

Expenditures benefiting more than one purpose were allocated as follows:

**Salaries and Benefits** - Allocated based on employee time reports.

**Other Costs** - Other costs including occupancy cost (rent, utilities and maintenance) and communication costs (telephone and printing) were allocated based on or utilization data.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

**Leases** - The following is a schedule by years of future minimum rental payments required under leases that have noncancelable lease terms as of June 30, 2001:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2002	<u>\$ 4,800</u>

Total rental expenditure for all operating leases was \$8,450 for the year ended June 30, 2001.

## NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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### NOTE 7 - PENSION PLAN

The Bertie County Partnership has a SIMPLE - IRA Plan covering all full-time employees after three months of employment. Each full-time employee of the Bertie County Partnership has an option to participate in the plan. An Individual Retirement Account is provided to the employee through an outside financial institution. The Bertie County Partnership matches up to 3% of gross wages dependent on the employee's contributions. The Bertie County Partnership does not own the accounts nor is liable for any other cost other than the required contribution.

For the year ended June 30, 2001, the Bertie County Partnership had a total payroll of \$213,897 and contributed \$3,132 for pension benefits during the year.

### NOTE 8 - RESTRICTIONS ON NET ASSETS

**A. Temporarily Restricted Net Assets** - Temporarily restricted net assets at June 30, 2001 are available for the following purposes:

Purpose	Amount
RJ Reynolds Child Care Scholarships	\$ 10,400
RJ Reynolds Educational Supplies	1,000
UNC Transition Forum	1,000
Flood Relief Grant	452
Keehln Grant - Lending Library	<u>36</u>
	<u>\$ 12,888</u>

**B. Net Assets Released From Donor Restrictions** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2001, by incurring expenditures satisfying the restricted purposes as follows:

Purpose	Amount
Keehln Grant - Lending Library	<u>\$ 364</u>

*The Bertie County Partnership for Children, Inc.*

*Schedule of Contract and Grant Expenditures - Regulatory Basis*

*For the Year Ended June 30, 2001*

*Schedule 1*

<b>Organization Name</b>	<b>Smart Start Fund</b>		<b>Other Funds</b>	
	<b>Amount Advanced</b>	<b>Refund Due</b>	<b>Amount Advanced</b>	<b>Refund Due</b>
Bertie County Board of Education *	\$ 47,890	\$ -	\$ -	\$ -
Bertie County Health Department *	23,492	-	-	-
Chowan College	10,507	-	-	-
Kiddie World *	68,639	-	-	-
Loving Arms *	1,556	-	-	-
Powellville Jumpin Jacks *	11,058	-	-	-
Roanoke Chowan Hospital	10,000	-	-	-
Roanoke Chowan Human Services Center *	6,885	-	-	-
<b>Individuals:</b>				
Alice Balance *	10,227	-	-	-
Child Care Scholarships	-	-	12,332	-
Gwendolyn Swain *	162	-	-	-
Hattie Outlaw	7,315	-	-	-
Jean Boller *	500	-	-	-
Merry Hill *	1,112	-	-	-
Quality Enhancement Grants	19,487	-	-	-
Reducing the Day Care Subsidy Waiting List	70,869	-	-	-
Salary Supplements	19,207	-	-	-
Vivian Saunders	5,813	-	-	-
Star Rating Bonuses *	14,780	-	-	-
Supplement Special Needs *	5,124	-	-	-
	<b>\$ 334,223</b>	<b>\$ -</b>	<b>\$ 12,332</b>	<b>\$ -</b>

\* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.

See Independent Auditors' Report.

***The Bertie County Partnership for Children, Inc.  
Schedule of State Awards - Regulatory Basis  
For the Year Ended June 30, 2001***

***Schedule 2***

<u>State Grantor/Pass-through Grantor/Program</u>	<u>Contract #</u>	<u>Receipts</u>	<u>Expenditures</u>
<b>State Awards:</b>			
North Carolina Department of Health and Human Services			
Division of Child Development			
Pass-through from the North Carolina Partnership for Children, Inc.			
Early Childhood Initiatives Program (Prior Year)	* 1-90-4-02-002	\$ (48,714)	\$ -
Early Childhood Initiatives Program (Current Year)	* 1-01-4-02-001	744,034	703,474
Accounting and Contracting Grant (Prior Year)	N/A	(13)	-
Accounting and Contracting Grant (Current Year)	N/A	12,000	9,683
Pass-through from the University of North Carolina Chapel Hill			
Quality Enhancement Grant	N/A	<u>47,930</u>	<u>47,283</u>
<b>Total State Awards</b>		<u>\$ 755,237</u>	<u>\$ 760,440</u>

\* Programs with compliance requirements that have a direct and material effect on the financial statements.

See Independent Auditors' Report.

***The Bertie County Partnership for Children, Inc.***  
***Schedule of Property and Equipment***  
***For the Year Ended June 30, 2001***

***Schedule 3***

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Furniture and Non-Computer Equipment	\$	31,852
Computer Equipment/Printers		<u>15,379</u>
Total Property and Equipment	\$	<u><u>47,231</u></u>

Note:

The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. On the regulatory basis of accounting, these items are expensed in the year purchased.

See Independent Auditors' Report.



***The Bertie County Partnership for Children, Inc.  
Schedule of Qualifying Match (Non-GAAP)  
For the Year Ended June 30, 2001***

***Schedule 4***

***Match Provided at the Partnership Level:***

Cash	\$ 33,157
In-Kind Goods and Services	<u>9,933</u>
	<u>\$ 43,090</u>

***Match Provided at the Contractor Level:***

Cash	\$ 57,303
In-Kind Goods and Services	<u>12,116</u>
	<u>\$ 69,419</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 1999-237, Section 11.48(l). The law allows for volunteer services to be valued for match purposes, a concept that deviates from accounting principles generally accepted in the United States of America.

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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Board of Directors  
The Bertie County Partnership for Children, Inc.  
Windsor, North Carolina

We have audited the financial statements of The Bertie County Partnership for Children, Inc. (Bertie County Partnership) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 24, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Bertie County Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bertie County Partnership's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONCLUDED)**

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might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving an issue of a management control nature that is described in the Audit Findings and Recommendations section of this report.

This report is intended solely for the information and use of the management of the partnership, the North Carolina Partnership for Children, the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.

January 24, 2002

*Crisp Hughes Evans LLP*

## AUDIT RECOMMENDATIONS

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**Other Observations and Recommendations from the Current Audit** - The following presents a management control issue related to the efficiency and effectiveness of operations.

1. CREDIT CARD

During our audit, we noticed that the limit on the Partnership's credit card is approximately \$15,000. Although controls over the use of the credit card appear adequate to prevent any abuse of the card, we recommend that the Partnership lower the limit to a reasonable amount to reduce the Partnership's liability if the card were ever abused.

*Partnership's Response:* We agree with the auditors' recommendation and will take steps to lower our credit limit to \$5,000.

## **DISTRIBUTION OF AUDIT REPORT**

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In accordance with G.S. §147-64.5 and G.S. §147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

### **EXECUTIVE BRANCH**

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Ms. Carmen Hooker Odom	Secretary, Department of Health and Human Services
Mr. Ashley Thrift	Chairman, Board of Directors North Carolina Partnership for Children, Inc.
Ms. Karen Ponder	Executive Director North Carolina Partnership for Children, Inc.

### **LEGISLATIVE BRANCH**

Appointees to the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Senator Aaron W. Plyler	Representative R. Phillip Haire
Senator Charlie Albertson	Senator Eric M. Reeves	Representative Dewey L. Hill
Senator Frank W. Ballance, Jr.	Senator Dan Robinson	Representative Mary L. Jarrell
Senator Charles Carter	Senator Larry Shaw	Representative Maggie Jeffus
Senator Daniel G. Clodfelter	Senator Robert G. Shaw	Representative Larry T. Justus
Senator Walter H. Dalton	Senator R. C. Soles, Jr.	Representative Edd Nye
Senator James Forrester	Senator Ed N. Warren	Representative Warren C. Oldham
Senator Linda Garrou	Senator David F. Weinstein	Representative William C. Owens, Jr.
Senator Wilbur P. Gulley	Senator Allen H. Wellons	Representative E. David Redwine
Senator Kay R. Hagan	Representative James B. Black, Co-Chairman	Representative R. Eugene Rogers
Senator David W. Hoyle	Representative Martha B. Alexander	Representative Drew P. Saunders
Senator Luther H. Jordan, Jr.	Representative Flossie Boyd-McIntyre	Representative Wilma M. Sherrill
Senator Ellie Kinnaird	Representative E. Nelson Cole	Representative Ronald L. Smith
Senator Howard N. Lee	Representative James W. Crawford, Jr.	Representative Joe P. Tolson
Senator Jeanne H. Lucas	Representative William T. Culpepper, III	Representative Gregg Thompson
Senator R. L. Martin	Representative W. Pete Cunningham	Representative Russell E. Tucker
Senator William N. Martin	Representative Beverly M. Earle	Representative Thomas E. Wright
Senator Stephen M. Metcalf	Representative Ruth M. Easterling	Representative Douglas Y. Yongue
Senator Fountain Odom	Representative Stanley H. Fox	

### **Other Legislative Officials**

Representative Philip A. Baddour, Jr.	Majority Leader of the N.C. House of Representatives
Senator Anthony E. Rand	Majority Leader of the N.C. Senate
Senator Patrick J. Ballantine	Minority Leader of the N.C. Senate
Representative N. Leo Daughtry	Minority Leader of the N.C. House of Representatives
Representative Joe Hackney	N. C. House Speaker Pro-Tem
Mr. James D. Johnson	Director, Fiscal Research Division

## ORDERING INFORMATION

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