



STATE OF NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT OF

MONTGOMERY COUNTY PARTNERSHIP FOR CHILDREN

TROY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2001

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

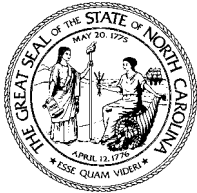
FINANCIAL STATEMENT AUDIT REPORT OF
MONTGOMERY COUNTY PARTNERSHIP FOR CHILDREN
TROY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2001

BOARD OF DIRECTORS

SUSAN HAMILTON, CHAIRMAN

ADMINISTRATIVE OFFICER

DEBORAH MUSIKA, EXECUTIVE DIRECTOR



Ralph Campbell, Jr.
State Auditor

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Office of the State Auditor

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AUDITOR'S TRANSMITTAL

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

This report presents the results of our financial statement audit of the Montgomery County Partnership for Children (Montgomery Partnership) for the year ended June 30, 2001. Our audit was made by authority of Article 5A of G.S. §147.

The accounts and operations of the Montgomery Partnership were subject to audit procedures as we considered necessary for us to report on the accompanying financial statements and supplementary information. The audit procedures were conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

The audit of the Montgomery Partnership 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 demonstration projects (local partnerships). The Montgomery Partnership is one of these local partnerships. As such, the Montgomery Partnership is a private nonprofit 501(c)(3) organization and is required by G.S. 143B-168.14(b) to have an annual financial and compliance audit conducted by the State Auditor.

The purpose of this report is to present the results of our audit on the accompanying financial statements. A summary of our reporting objectives and audit results are:

1. **Objective** - Express an opinion on the accompanying financial statements and supplementary information.

Results – The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with the regulatory basis of accounting established by the North Carolina Partnership for Children, Inc. The accompanying supplementary information presents information that is fairly stated in all material respects in relation to the basic financial statements.

AUDITOR'S TRANSMITTAL (CONCLUDED)

2. **Objective** - Present instances of noncompliance, if any, with laws, regulations, contracts, or grants.

Results - Our tests disclosed no instances of noncompliance which require disclosure herein under *Government Auditing Standards*.

3. **Objective** - Present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the Montgomery Partnership's ability to record, process, summarize, and report financial data in the financial statement.

Results - The following significant deficiency was detected in internal control over financial reporting:

Finding

Contract Management

This matter is described in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting and the Audit Findings and Recommendations section of this report.

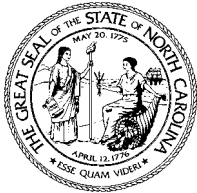
North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.



Ralph Campbell, Jr.
State Auditor

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Ralph Campbell, Jr.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Partnership for Children
Troy, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis of the Montgomery County Partnership for Children (Montgomery 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 Montgomery 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Montgomery County Partnership for Children 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2001 on our consideration of the Montgomery 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 auditor's report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Montgomery County Partnership for Children 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.

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

Ralph Campbell, Jr.
State Auditor

September 10, 2001

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

	Unrestricted Funds		Total
	Smart Start Fund	Other Funds	Funds
Receipts:			
State Awards (less refunds of \$136,921)	\$ 772,741	\$ 12,000	\$ 784,741
Private Contributions		19,450	19,450
Special Fund Raising Events		221	221
Sales Tax Refunds		4,203	4,203
Total Receipts	772,741	35,874	808,615
Expenditures:			
Programs:			
Child Care and Education Quality	299,631	4,155	303,786
Child Care and Education Accessibility and Availability	2,500		2,500
Child Care and Education Affordability	303,600		303,600
Health and Safety	90,556	583	91,139
Family Support	41,712		41,712
Support:			
Management and General	109,322	22,659	131,981
Program Evaluation	37,750		37,750
Program Coordination	24,500	32	24,532
Other:			
Sales Tax Paid		5,563	5,563
Total Expenditures	909,571	32,992	942,563
Excess of Receipts Over Expenditures	(136,830)	2,882	(133,948)
Net Assets at Beginning of Year	139,421	(2,076)	137,345
Net Assets at End of Year	\$ 2,591	\$ 806	\$ 3,397
Net Assets Consisted of:			
Petty Cash	\$ 0	\$ 100	\$ 100
Cash on Deposit	243	706	949
Refunds Due From Contractors	2,348		2,348
	\$ 2,591	\$ 806	\$ 3,397

The accompanying notes to the financial statement are an integral part of this statement.

**Montgomery County Partnership for Children
Schedule of Functional Expenditures - Regulatory Basis
For the Year Ended June 30, 2001**

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenses	Fixed Charges and Other Expenses	Property and Equipment Outlay	Services/ Contracts/ Grants	Participant Training Expense
Smart Start Fund:									
Programs:									
Child Care and Education Quality	299,631	49,298	7,698	6,109	10,114	24,264	13,392	188,756	
Child Care and Education Accessibility and Availability	2,500							2,500	
Child Care and Education Affordability	303,600							303,600	
Health and Safety	90,556			10,336	517	795		78,908	
Family Support	41,712		12,624	8,568	6,692		1,828	12,000	
	737,999	49,298	20,322	25,013	17,323	25,059	15,220	585,764	0
Support:									
Management and General	109,322	61,090	7,905	2,293	16,732	15,082	6,220		
Program Evaluation	37,750	30,551		1,261	2,757	633	2,548		
Program Coordination	24,500	17,567	235	1,457	2,275	121	2,845		
	171,572	109,208	8,140	5,011	21,764	15,836	11,613	0	0
Total Smart Start Fund Expenditures	909,571	158,506	28,462	30,024	39,087	40,895	26,833	585,764	0
Other Funds:									
Programs:									
Child Care and Education Quality	4,155			1,950	2,205				
Health and Safety	583		100	63		420			
	4,738	0	100	2,013	2,205	420	0	0	0
Support:									
Management and General	22,659		17,000	1,807	3,182		670		
Program Coordination	32			32					
	22,691	0	17,000	1,839	3,182	0	670	0	0
Other:									
Sales Tax Paid	5,563	0	0	5,563	0	0	0	0	0
Total Other Funds Expenditures	32,992	0	17,100	9,415	5,387	420	670	0	0

MONTGOMERY COUNTY PARTNERSHIP FOR CHILDREN
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2001

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Montgomery County Partnership for Children (Montgomery Partnership) is a legally separate nonprofit organization incorporated on October 4, 1994. The Montgomery Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Montgomery 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 Montgomery 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.

The Montgomery Partnership did not have any temporarily or 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 generally accepted accounting principles 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.

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. Refunds Due From Contractors - Refunds due from contractors represent the unexpended amount of advances to contractors at year end which are to be refunded back to the State. As recoveries are collected, the receivable balance is reduced. Payments to the State for the recovered advances are recorded as a reduction to the state awards balance.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

E. 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 Montgomery Partnership are deposited with one commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Deposits over this amount subjects the Montgomery Partnership to a concentration of credit risk. At June 30, 2001, the Montgomery Partnership's bank deposits in excess of the FDIC insured limit was \$9,350.

NOTE 3 - FUNDING FROM GRANT AWARDS

Smart Start Program - The Montgomery 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 Montgomery Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Montgomery Partnership is responsible for developing a comprehensive, collaborative, long-range plan of services to children and families for the service-delivery area. During the year, the Department of Health and Human Services (DHHS) entered into contracts with and made payments to service providers selected by the Montgomery Partnership. These service provider contracts are not reflected on the accompanying financial statement. However, a summary of the service provider contracts entered into by DHHS are presented on Schedule 2 accompanying the financial statements.

The Montgomery Partnership was awarded and has received \$909,662 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Partnership has returned \$2,418 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 STATEMENT (CONTINUED)

NOTE 4 - RELATED PARTY TRANSACTIONS

A. Service Provider Contracts with Board Member Organizations - The board members of the Montgomery Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Montgomery 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. In addition, Schedule 2 identifies contracts entered into by DHHS with board member organizations for activities funded by the Partnership's Smart Start Allocation.

B. Other Related Parties - The Montgomery Partnership contracted for services with a private business associated with a board member. The amounts paid included:

<u>Expenditures</u>	<u>Amount</u>
Tax and Professional Services	<u>\$ 1,275</u>

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, salary supplements, child care provider support, resources and materials, or health and safety intervention in child care.

Child Care and Education Accessibility and Availability - Used to account for service activities associated with inclusion support.

Child Care and Education Affordability - Used to account for service activities including the expansion of child care eligibility or a scholarship program.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

Health and Safety - Used to account for service activities including dental treatment, prenatal/newborn services, special needs – specialized therapy, outreach materials or information and resources.

Family Support - Used to account for service activities including special needs – family support, literacy projects, information and resources, or community playgrounds.

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.

Program Coordination – Expenditures that are incurred to coordinate the policies, procedures, and daily practices of service delivery. Also, costs associated with monitoring in-house and direct service provider activities.

C. Allocation of Joint Costs

Expenditures benefiting more than one purpose were allocated as follows:

Salaries and Benefits - Allocated based on employee time reports.

Occupancy Costs - Occupancy cost (rent, utilities and maintenance) were allocated based on utilization data.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

- A. **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	\$ 36,000
2003	<u>24,000</u>
Total Minimum Lease Payments	<u>\$ 60,000</u>

NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)

Total rental expenditure for all operating leases was \$20,815 for the year ended June 30, 2001.

NOTE 7 - PENSION PLAN

The Montgomery Partnership has a Simplified Employee Pension (SEP) plan covering all full-time employees. Each full-time employee of the Montgomery Partnership, as a condition of employment, is provided an Individual Retirement Account through an outside insurance company. The Montgomery Partnership contributed 12% of gross wages for the year ended June 30, 2001. The Montgomery 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 Montgomery Partnership had a total payroll of \$124,648, 51% of which was covered under the plan. The Partnership contributed \$7,599 for pension benefits during the year.

Montgomery County Partnership for Children
Schedule of Contract and Grant Expenditures - Regulatory Basis
For the Year Ended June 30, 2001

Schedule 1

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
First Health Dental Care Center	5,000			
Montgomery Community College	* 89,621	(255)		
Montgomery County Health Department	* 60,000	(2,093)		
Sandhills Mental Health	* 16,000			
Sandhills Regional Library	10,000			
Montgomery County Schools	* 268,674			
Brighter World Learning Center	11,364			
Candor Head Start	* 9,708			
Little Friends of Troy Daycare Center	* 3,436			
Town of Troy	10,000			
Wescare Center for Children	14,475			
	498,278	(2,348)	0	0
Individuals:				
Parents/Child Care Training	15,705			
Playground Safety Grants	11,000			
Quality Enhancement Grants	57,129			
Scholarships/Bonus Awards	6,000			
	89,834	0	0	0
	588,112	(2,348)	0	0

**Montgomery County Partnership for Children
Schedule of State Level Service Provider Contracts
For the Year Ended June 30, 2001**

Schedule 2

			DHHS	
Organization Name			Contracts	
Montgomery County Department of Social Services	*		70,200	
* These organizations are represented on the Partnership's Board as described in Note 4A - Service Provider Contracts with Board Member Organizations.				
The information on this schedule provides a listing of service provider contracts entered into by the Department of Health and Human Services (DHHS) as described in Note 3 - Funding From Grant Awards.				

Montgomery County Partnership for Children
Schedule of State Awards - Regulatory Basis
For the Year Ended June 30, 2001

Schedule 3

State Grantor/Pass-through Grantor/Program		Contract #	Receipts	Expenditures
State Awards:				
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)	*	#1-90-5-20-001	\$ (136,921)	\$ 0
Early Childhood Initiatives Program (Current Year)	*	#3-01-5-20-001	909,662	909,571
Multi-County Accounting and Contracting Grant		N/A	12,000	12,000
Total State Awards			\$ 784,741	\$ 921,571
* Programs with compliance requirements that have a direct and material effect on the financial statement.				

Montgomery County Partnership for Children
Schedule of Property and Equipment
For the Year Ended June 30, 2001

Schedule 4

Furniture and Non-Computer Equipment	\$ 29,408
Computer Equipment/Printers	32,840
Leasehold Improvements	780
Total Property and Equipment	\$ 63,028

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.

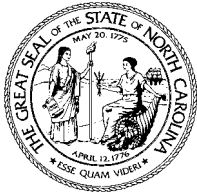
Montgomery County Partnership for Children
Schedule of Qualifying Match (Non-GAAP)
For the Year Ended June 30, 2001

Schedule 5

Match Provided at the Partnership Level:

Cash	\$ 50,729
In-Kind Goods and Services	26,419
	<u>\$ 77,148</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 generally accepted accounting principles.



Ralph Campbell, Jr.
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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Montgomery County Partnership for Children
Troy, North Carolina

We have audited the financial statements of the Montgomery County Partnership for Children (Montgomery Partnership) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 10, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Montgomery 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 Montgomery 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to a significant deficiency in the design or operation of the internal control over financial

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

reporting that, in our judgment, could adversely affect the Montgomery Partnership's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition noted as a result of our audit is described in the Audit Findings and Recommendations section of this report:

Finding

Contract Management

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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.



Ralph Campbell, Jr.
State Auditor

September 10, 2001

AUDIT FINDINGS AND RECOMMENDATIONS

Current Year Findings and Recommendations - The following finding and recommendation was identified during the current audit and represents a significant deficiency in internal control.

CONTRACT MANAGEMENT

We noted the following instances during our examination of the Partnership's contract and grant activity:

- The Partnership did not have a contract in place for a subsidy activity. A total of \$268,673 was paid to the service provider.
- The Partnership prepaid July 2001 expenditures regarding three participants in the subsidy program in the amount of \$1,104.
- The Partnership also prepaid \$21,000 for an outdoor playground project. The checks were written on June 30, 2001; however, the grant agreement specifies that the recipients have until December 31, 2001 to spend the funds.

Adequate controls were not in place during the fiscal year to ensure the proper handling of contractual agreements and disbursements.

Recommendation: We recommend that the Partnership strengthen its controls for contract management to ensure that all activities are supported by written contracts and are completed within the appropriate time period.

Partnership's Response: The activity referenced had been initiated in a previous fiscal year, carried out as an 'in-house' activity, and the issue of contract status did not appear in the prior year audit report. Prior to the completion of this audit, and due to changing circumstances surrounding the activity, a contract has already been executed between MCPC and the service provider for the 2001-2002 fiscal year.

The Partnership acknowledges that adequate controls were not in place to ensure that all activities were completed within the appropriate time period. A Contract Oversight Committee of the Board of Directors has been established to coordinate the organization's contract monitoring responsibilities by recommending policy to the board, interpreting it for staff, and monitoring its implementation. This committee is made up of members who do not have a conflict of interest and do not benefit directly or indirectly from the entity's disbursement of funds. The committee will review 'in-house' activities as well as those contracted with 'direct service providers.'

DISTRIBUTION OF AUDIT REPORT

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 Buell	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	Representative James B. Black, Co-Chairman
Senator Charlie Albertson	Representative Martha B. Alexander
Senator Frank W. Ballance, Jr.	Representative Flossie Boyd-McIntyre
Senator Charles Carter	Representative E. Nelson Cole
Senator Daniel G. Clodfelter	Representative James W. Crawford, Jr.
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Senator James Forrester	Representative W. Pete Cunningham
Senator Linda Garrou	Representative Beverly M. Earle
Senator Wilbur P. Gulley	Representative Ruth M. Easterling
Senator Kay R. Hagan	Representative Stanley H. Fox
Senator David W. Hoyle	Representative R. Phillip Haire
Senator Luther H. Jordan, Jr.	Representative Dewey L. Hill
Senator Ellie Kinnaird	Representative Mary L. Jarrell
Senator Howard N. Lee	Representative Maggie Jeffus
Senator Jeanne H. Lucas	Representative Larry T. Justus
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