



STATE OF NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT OF TYRRELL COUNTY SMART START, INC.

COLUMBIA, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2003

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

FINANCIAL STATEMENT AUDIT REPORT OF

TYRRELL COUNTY SMART START, INC.

COLUMBIA, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2003

BOARD OF DIRECTORS

GLENN HICKS, CHAIRPERSON

ADMINISTRATIVE OFFICER

RUTH MANNING, ACTING EXECUTIVE DIRECTOR



Ralph Campbell, Jr.
State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Board of Directors, Tyrrell County Smart Start, Inc.

This report presents the results of our financial statement audit of the Tyrrell County Smart Start, Inc. (Tyrrell Partnership) for the year ended June 30, 2003. Our audit was made by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes*.

The accounts and operations of the Tyrrell 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 Tyrrell Partnership was made in conjunction with the Early Childhood Initiatives (Smart Start) program authorized by General Statutes 143B-168.10-.16. These statutes created The North Carolina Partnership for Children, Inc. and required the implementation of local demonstration projects (local partnerships). The Tyrrell Partnership is one of these local partnerships. As such, the Tyrrell Partnership is a private nonprofit 501(c)(3) organization and is required by General Statute 143B-168.14(b) to have a financial and compliance audit conducted by the Office of 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 – To express an opinion on the accompanying financial statements.

Results – The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other than generally accepted accounting principles.

AUDITOR'S TRANSMITTAL (CONCLUDED)

2. **Objective** – To present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the Tyrrell Partnership's ability to record, process, summarize, and report financial data in the financial statements and present instances of noncompliance, if any, with laws, regulations, contracts, or grants.

Results - The following conditions represent significant deficiencies in internal control or noncompliance with laws, regulations, contracts, or grants.

Finding

1. Authorizing and Processing of Transactions
2. Contract Management and Monitoring
3. Competitive Bidding
4. Program Match Requirement

These matters are 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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
EXHIBITS	
A Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis.....	3
B Statement of Functional Expenditures – Modified Cash Basis	4
Notes to the Financial Statements	5
SUPPLEMENTARY SCHEDULES	
1 Schedule of Contract and Grant Expenditures – Modified Cash Basis	9
2 Schedule of State Awards – Modified Cash Basis	10
3 Schedule of Property and Equipment – Modified Cash Basis.....	11
4 Schedule of Qualifying Match (Non-GAAP).....	12
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13
AUDIT FINDINGS AND RECOMMENDATIONS.....	15
DISTRIBUTION OF AUDIT REPORT	19



Ralph Campbell, Jr.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tyrrell County Smart Start, Inc.
Columbia, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis of the Tyrrell County Smart Start, Inc. (Tyrrell Partnership) as of June 30, 2003, and the related Statement of Functional Expenditures – Modified Cash Basis for the year then ended. These financial statements are the responsibility of the Tyrrell 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 statements are free of material misstatements. 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 modified cash basis of accounting, 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 Tyrrell County Smart Start, Inc. as of June 30, 2003, and the results of its operations arising from modified cash basis transactions 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 April 15, 2003 on our consideration of the Tyrrell 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 Tyrrell County Smart Start, 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 Schedules 1, 3, 4, and 5 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. The information in Schedule 2 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on Schedule 2.

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.



Ralph Campbell, Jr.
State Auditor

April 15, 2004

Tyrrell County Smart Start, Inc.**Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis****For the Year Ended June 30, 2003****Exhibit A**

	Unrestricted Funds		Total Funds
	Smart Start Fund	Other Funds	
Receipts:			
State Awards (less refunds of \$4,065)	\$ 131,121	\$ 12,000	\$ 143,121
Private Contributions		46	46
Special Fund Raising Events		1,384	1,384
Sales Tax Refunds		144	144
Total Receipts	131,121	13,574	144,695
Expenditures:			
Programs:			
Child Care and Education Quality	24,536		24,536
Child Care and Education Affordability	61,017		61,017
Support:			
Management and General	48,443	10,459	58,902
Other:			
Sales Tax Paid		33	33
Total Expenditures	133,996	10,492	144,488
Excess of Receipts Over Expenditures	(2,875)	3,082	207
Net Assets at Beginning of Year	4,240	502	4,742
Net Assets at End of Year	\$ 1,365	\$ 3,584	\$ 4,949
Net Assets Consisted of:			
Cash and Cash Equivalents	\$ (138)	\$ 3,584	\$ 3,446
Refunds Due From Contractors	1,503		1,503
	\$ 1,365	\$ 3,584	\$ 4,949
The accompanying notes to the financial statements are an integral part of this statement.			

Tyrrell County Smart Start, Inc.
Statement of Functional Expenditures - Modified Cash Basis
For the Year Ended June 30, 2003

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/ Contracts/ Grants	Participant Training Expenditures
Smart Start Fund:									
Programs:									
Child Care and Education Quality	\$ 24,536							24,536	
Child Care and Education Affordability	\$ 61,017							61,017	
	\$ 85,553	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,553	\$ 0
Support:									
Management and General	\$ 48,443	\$ 32,302	\$ 8,279	\$ 784	\$ 3,887	\$ 3,191	\$ 0	\$ 0	\$ 0
Total Smart Start Fund Expenditures	\$ 133,996	\$ 32,302	\$ 8,279	\$ 784	\$ 3,887	\$ 3,191	\$ 0	\$ 85,553	\$ 0
Other Funds:									
Support:									
Management and General	\$ 10,459	\$ 3,814	\$ 5,352	\$ 0	\$ 0	\$ 1,293	\$ 0	\$ 0	\$ 0
Other:									
Sales Tax Paid	\$ 33	\$ 0	\$ 0	\$ 33	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Funds Expenditures	\$ 10,492	\$ 3,814	\$ 5,352	\$ 33	\$ 0	\$ 1,293	\$ 0	\$ 0	\$ 0

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

TYRRELL COUNTY SMART START, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Tyrrell County Smart Start, Inc. (Tyrrell Partnership) is a legally separate nonprofit organization incorporated on May 28, 1996. The Tyrrell Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Tyrrell 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 Tyrrell Partnership’s Board of Directors is responsible. Pursuant to the provisions of 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 Tyrrell Partnership did not have any temporarily or permanently restricted net assets at June 30, 2003.

C. Basis of Accounting - The accompanying financial statements were prepared on the modified cash basis of accounting. 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.

However, unexpended advances to contractors that revert back to the State are recognized as a reduction to expenditures and an increase to net assets. In addition, amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as funds held for others.

D. Cash and Cash Equivalents – This classification appears on the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis and consists of cash on deposit with a private bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Refunds Due From Contractors - Refunds due from contractors represent the unexpended amount of advances to contractors at year-end that 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.

NOTE 2 - DEPOSITS

All funds of the Tyrrell Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Deposits over this amount subjects the Tyrrell Partnership to a concentration of credit risk.

NOTE 3 - FUNDING FROM GRANT AWARDS

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

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

The Tyrrell Partnership was awarded and has received \$110,650 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 \$1,100 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2003.

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

Capacity Building Program - The Tyrrell Partnership's other major source of revenue and support is from the State of North Carolina based on a cost-reimbursement contract with North Carolina Partnership for Children, Inc. (NCPC) for the Capacity Building Program.

The Tyrrell Partnership was awarded and has received \$24,536 under a current year Capacity Building contract with NCPC. The unexpended balance of this contract is subject to reversion to the State.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of the Tyrrell Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Tyrrell 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 – Modified Cash Basis. Also, the Statement of Functional Expenditures – Modified Cash 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:

A. Program Functions

Child Care and Education Quality - Used to account for service activities associated with quality enhancement grants for upgrades.

Child Care and Education Affordability - Used to account for service activities including pre-K classes or Head Start wraparound/extended day programs.

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.

NOTE 6 - PENSION PLAN

The Tyrrell Partnership did not have a pension plan in place for its employees. However, each employee of the Tyrrell Partnership is provided, as part of the benefit package, an additional \$1,000 per year to be applied to an individual retirement plan. The Partnership has no liability for any other retirement cost.

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

NOTE 7 - RISK MANAGEMENT

The Tyrrell Partnership is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Tyrrell Partnership manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors and omissions, health and life	Purchased commercial insurance	None
Workers Compensation – Employee injuries	Purchased commercial insurance	None
Physical property loss and natural Disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant losses to the Tyrrell Partnership. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 8 - SUBSEQUENT EVENTS

The Tyrrell County Smart Start, Inc. (Tyrrell Partnership) contracted with the Children and Youth Partnership of Dare County to perform administrative services for the Tyrrell Partnership effective July 1, 2003. The Tyrrell Partnership Board still has management authorization and oversight functions.

Tyrrell County Smart Start, Inc.
Schedule of Contract and Grant Expenditures - Modified Cash Basis
For the Year Ended June 30, 2003

Schedule 1

Organization Name	Smart Start Fund		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
Children and Youth Partnership for Dare County, Inc.	26,039	(1,503)		
Economic Improvement Council-Head Start *	27,000			
Tyrrell County Public Schools *	34,017			
	\$ 87,056	\$ (1,503)	\$ 0	\$ 0

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

Tyrrell County Smart Start, Inc.

Schedule of Federal and State Awards - Modified Cash Basis

For the Year Ended June 30, 2003

Schedule 2

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)	1-12-1-07-001	\$ (327)	\$ (90)
Early Childhood Initiatives Program (Current Year)	*	110,650	109,550
Multi-County Accounting and Contracting Grant	*	12,000	9,839
Capacity Building Grant (Prior Year)	N/A	(3,738)	
Capacity Building Grant (Current Year)	*	24,536	24,536
Total State Awards		\$ 143,121	\$ 143,835
* Programs with compliance requirements that have a direct and material effect on the financial statements.			

Tyrrell County Smart Start, Inc.
Schedule of Property and Equipment - Modified Cash Basis
For the Year Ended June 30, 2003 *Schedule 3*

	Furniture and Noncomputer Equipment	\$	11,491
	Computer Equipment/Printers		12,380
	Total Property and Equipment	\$	23,871
	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. The valuations represent historical cost. On the modified basis of accounting, these items are expensed in the year of purchase.		

Tyrrell County Smart Start, Inc.
Schedule of Qualifying Match (Non-GAAP)
For the Year Ended June 30, 2003

Schedule 4

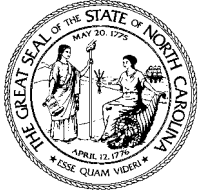
Match Provided at the Partnership Level:

Cash	\$	571
In-Kind Goods and Services		2,932
	\$	<u>3,503</u>

Match Provided at the Contractor Level:

Cash	\$	885
In-Kind Goods and Services		5,613
	\$	<u>6,498</u>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2001-424, Section 21.72(c). The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles.



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**INDEPENDENT AUDITOR'S 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**

Board of Directors
Tyrrell County Smart Start, Inc.
Columbia, North Carolina

We have audited the financial statements of the Tyrrell County Smart Start, Inc. (Tyrrell Partnership) as of and for the year ended June 30, 2003, and have issued our report thereon dated April 15, 2003. 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 Tyrrell 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, which are reported in the Audit Findings and Recommendations section of this report, disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Finding

3. Competitive Bidding
4. Program Match Requirement

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tyrrell 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

**INDEPENDENT AUDITOR'S 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)**

internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Tyrrell Partnership's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted as a result of our audit are described in the Audit Findings and Recommendations section of this report:

Finding

1. Authorizing and Processing of Transactions
2. Contract Management and Monitoring

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 consider the reportable conditions described above to be material weaknesses.

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.



Ralph Campbell, Jr.
State Auditor

April 15, 2003

AUDIT FINDINGS AND RECOMMENDATIONS

Matters Related to Financial Reporting

The following findings and recommendations were identified during the current audit and describe conditions that represent significant deficiencies in internal control or noncompliance with laws, regulations, contracts, or grants.

1. AUTHORIZING AND PROCESSING OF TRANSACTIONS

During the audit, we identified procedural weaknesses with the Tyrrell Partnership's authorizing and processing of transactions. Issues noted included:

- There was not adequate segregation of duties related to the receipting and disbursing functions. The Executive Director was the authorizer and processor for the Partnership's receipting processes and the reimbursement of Direct Service Providers.
- Deficiencies were noted with the receipting process, as the verification of wire transfers was not consistently documented. In addition, documentation to support the reconciliation of the cash receipts summary and/or deposit code sheets to the monthly bank statement was not evident.
- The review and approval of the bank reconciliation by the Executive Director or Treasurer was not consistently documented. In addition, no approvals were noted for any of the journal entries tested.
- Processing procedures such as the review of invoices, the verification of mathematical accuracy, or the cancellation of paid invoices were not documented. In addition, there was no supporting documentation for the journal entries tested.

Proper authorization and processing of transactions provides for fiscal accountability and establishes the necessary documentation standards for the operations of the Partnership.

Recommendation: We recommend that the Tyrrell Partnership review its current internal control processes and make appropriate changes to ensure that the authorization and processing of transactions is documented in accordance with established policies and procedures.

Partnership's Response: Effective July 1, 2003, the Board of Directors of the Tyrrell Partnership contracted with the Children & Youth Partnership for Dare (Dare Partnership) for assistance by providing all administrative functions. As a result of this contract, the Executive Director of the Dare Partnership served as the Executive Director of the Tyrrell Partnership. The Dare Partnership has a long history of fiscal and programmatic accountability.

AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)

With the assistance of the Dare Partnership during the fiscal year ended June 30, 2004, the Tyrrell Partnership Board emphasized the correction of procedural weaknesses related to the authorization and processing of transactions. Further, the Dare Partnership's policies and procedures for the authorization and processing of transactions were in effect for the Tyrrell Partnership for the entire fiscal year ended June 30, 2004.

2. CONTRACT MANAGEMENT AND MONITORING

We identified deficiencies in the contract management and monitoring system of the Tyrrell Partnership that included the following:

- Contract amendments totaling \$34,166 with Direct Service Providers (DSPs) were not signed by both parties and therefore did not comply with contractual requirements.
- The Partnership did not adequately follow its Board approved monitoring policies. There was no evidence to support programmatic and fiscal site visits to the DSPs. In addition, required quarterly reports were not submitted consistently to the Partnership.

The achievement of the Partnership's goals is dependent on the effectiveness of its contract management system and its monitoring of subcontractor performance.

Recommendation: We recommend that the Tyrrell Partnership further refine and implement its contract management and monitoring policies and procedures. Those procedures should address the use of formal contract amendments, obtaining documentation necessary for processing payments, and performing documented monitoring activities in accordance with established policies.

Partnership's Response: With the assistance of the Dare Partnership during the fiscal year ended June 30, 2004, the Tyrrell Partnership Board emphasized the resolution of issues related to the contracts management and monitoring function. The Dare Partnership's policies and procedures for contracts management and monitoring were in effect for the Tyrrell Partnership for the entire fiscal year ended June 30, 2004.

3. COMPETITIVE BIDDING

Sufficient documentation was not available to support the Tyrrell Partnership's compliance with the competitive bidding requirements.

Recommendation: We recommend that the Partnership maintain adequate documentation to support compliance with the legislatively mandated bid requirements.

Partnership's Response: The Tyrrell Partnership agrees with the recommendation, and throughout the fiscal year ended June 30, 2004, received assistance in this area from the

AUDIT FINDINGS AND RECOMMENDATIONS (CONCLUDED)

Dare Partnership. The Tyrrell Partnership is committed to following the general statutes for competitive bidding and will maintain appropriate documentation of substantive compliance with all competitive bidding requirements.

4. PROGRAM MATCH REQUIREMENT

The Tyrrell Partnership failed to meet the mandated match requirement as specified in its contract with The North Carolina Partnership for Children, Inc. (NCPC). NCPC policy requires local partnerships to report and document a minimum of 10 percent of their total Smart Start allocation (administrative and service funding) for the fiscal year in cash and in-kind contributions. The 10 percent requirement was established at \$14,503 for the current fiscal year. The match amount allowed was \$10,002 or 69% of the minimum requirement.

Recommendation: The Tyrrell Partnership should take appropriate steps to ensure that the program match requirements are met and amounts reported meet the guidelines established by NCPC and the *North Carolina General Statutes*.

Partnership's Response: The Tyrrell Partnership will take appropriate actions to ensure that program match requirements are met and amounts reported meet the guidelines established by NCPC and the *North Carolina General Statutes*.

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In accordance with General Statutes 147-64.5 and 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.

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The Honorable Roy A. Cooper, III	Attorney General
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Mr. Robert L. Powell	State Controller
Ms. Carmen Hooker Odom	Secretary, Department of Health and Human Services
Mr. Ashley Thrift	Chairman, Board of Directors
	The North Carolina Partnership for Children, Inc.
Ms. Karen Ponder	Executive Director
	The North Carolina Partnership for Children, Inc.

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Other Legislative Officials

Mr. James D. Johnson	Director, Fiscal Research Division
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August 19, 2004

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