



# STATE OF NORTH CAROLINA

**IREDELL COUNTY PARTNERSHIP FOR YOUNG CHILDREN,  
INC.**

**FINANCIAL RELATED AUDIT**

**APRIL 2013**

**OFFICE OF THE STATE AUDITOR**

**BETH A. WOOD, CPA**

**STATE AUDITOR**

**IREDELL COUNTY PARTNERSHIP FOR YOUNG CHILDREN,  
INC.**

**FINANCIAL RELATED AUDIT**

**APRIL 2013**

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Beth A. Wood, CPA  
State Auditor

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## AUDITOR'S TRANSMITTAL

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April 22, 2013

The Honorable Pat McCrory, Governor  
The General Assembly of North Carolina  
Board of Directors, Iredell County Partnership for Young Children, Inc.  
Marta Koesling, Executive Director

This report presents the results of our financial related audit at the Iredell County Partnership for Young Children, Inc. Our work was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.

*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 ways listed in the back of this report.

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

# TABLE OF CONTENTS

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	PAGE
BACKGROUND .....	1
AUDIT SCOPE AND OBJECTIVES .....	2
METHODOLOGY .....	3
RESULTS AND CONCLUSIONS .....	4
ORDERING INFORMATION .....	5

## BACKGROUND

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As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes*, we have conducted a financial related audit at the Iredell County Partnership for Young Children, Inc. There were no special circumstances that caused us to conduct the audit, but rather it was performed as part of our effort to periodically examine and report on the financial practices of state agencies and institutions.

Smart Start is North Carolina's early childhood initiative designed to ensure that young children enter school healthy and ready to succeed. The Smart Start program is a public-private initiative that provides early education funding to all of the state's 100 counties. Smart Start funds are administered at the local level through local nonprofit organizations called local partnerships. The North Carolina Partnership for Children is the statewide nonprofit organization that provides oversight and technical assistance for local partnerships. Services at the local level range depending on local needs. Smart Start funds are used to improve the quality of child care, make child care more affordable and accessible, provide access to health services and offer family support.

The N.C. Pre-Kindergarten Program is designed to provide at-risk, four year old children with an opportunity for quality preschool education. This school day program is designed to provide young children with access to a structured curriculum and preschool experience that will enhance their readiness for school. The Iredell County Partnership for Young Children, Inc. supports N.C. Pre-Kindergarten classrooms throughout Iredell County in select public schools and in licensed child care centers.

Iredell County Partnership for Young Children, Inc. is a local nonprofit organization with the mission to ensure children in Iredell County, birth to five years old, are prepared for success in school and in life. Officially formed in 1996, the Partnership's goals are to:

- a) improve the quality, accessibility and affordability of child care,
- b) provide preventive health and early intervention services, and
- c) offer family support services.

## AUDIT SCOPE AND OBJECTIVES

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The general objective of this financial related audit was to identify improvements needed in internal control over selected fiscal matters. Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that relevant objectives are achieved. Errors or fraud may nevertheless occur and not be detected because of the inherent limitations of internal control. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. Our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

Our audit scope covered the period July 1, 2012 through January 31, 2013. During our audit, we considered internal control related to the following accounts and control objectives:

*Services and Contract Expenditures* - We examined the Partnership's procedures to contract with and monitor its subrecipients. The Partnership disburses state funds for N.C. Pre-Kindergarten programs to governmental and nongovernmental organizations that provide program services. The Partnership is responsible for monitoring the organizations to ensure that moneys are used in accordance with the contract provisions and legal requirements, as well as whether program performance goals are achieved. During the audit period, the Partnership reported \$812,265 in N.C. Pre-Kindergarten expenditures.

*Salary Expenditures* - We examined internal controls designed to ensure compliance with laws limiting the amount of state funds that can be used for specified employee salaries. During our audit period, the Partnership reported \$553,914 in salary expenditures, \$42,762 of which was attributable to the specified employees.

## METHODOLOGY

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To accomplish our audit objective, we gained an understanding of internal control over matters described in the *Audit Scope and Objectives* section of this report and evaluated the design of the internal control. We then performed further audit procedures consisting of tests of control effectiveness and/or substantive procedures that provide evidence about our audit objectives. Specifically, we interviewed personnel, observed operations, reviewed policies, analyzed accounting records, and examined documentation supporting recorded transactions and balances, as considered necessary in the circumstances. Whenever sampling was used, we applied a nonstatistical approach but chose sample sizes comparable to those that would have been determined statistically. As a result, we were able to project our results to the population but not quantify the sampling risk.

As a basis for evaluating internal control, we applied the internal control guidance contained in professional auditing standards. As discussed in the standards, internal control consists of five interrelated components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

We conducted this audit in accordance with generally accepted government auditing standards applicable to performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS AND CONCLUSIONS**

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The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under generally accepted government auditing standards.

## ORDERING INFORMATION

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Audit reports issued by the Office of the State Auditor can be obtained from the web site at [www.ncauditor.net](http://www.ncauditor.net). Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting the:

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