



STATE OF NORTH CAROLINA

**ALAMANCE PARTNERSHIP FOR CHILDREN
FINANCIAL RELATED AUDIT
APRIL 2013**

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

STATE AUDITOR

ALAMANCE PARTNERSHIP FOR CHILDREN

FINANCIAL RELATED AUDIT

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AUDITOR'S TRANSMITTAL

April 15, 2013

The Honorable Pat McCrory, Governor
The General Assembly of North Carolina
Board of Directors, Alamance Partnership for Children
Carrie Theall, Executive Director

This report presents the results of our financial related audit at the Alamance Partnership for Children. 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 options listed in the back of this report.

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

Beth A. Wood, CPA
State Auditor

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BACKGROUND

As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes*, we have conducted a financial related audit at the Alamance Partnership for Children. 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 Alamance Partnership for Children supports N.C. Pre-Kindergarten classrooms throughout Alamance County in select public schools and in licensed child care centers.

Alamance Partnership for Children is a local nonprofit organization with the mission to ensure children in Alamance County, birth to five years old, are prepared for success in school and in life. Officially formed in 1998, Alamance Partnership for Children 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

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. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. 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, Contracts, and Grants Expenditures - We examined the Partnership's procedures to contract with and monitor its subrecipients. The Partnership disburses state funds for the Smart Start and 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 or grant provisions and legal requirements, as well as whether program performance goals are achieved. During the audit period, the Partnership reported \$39,051.50 in Smart Start expenditures and \$846,160.00 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 \$361,479.09 in salary expenditures, \$42,058.38 of which was attributable to the specified employees.

METHODOLOGY

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 performed procedures such as interviewing personnel, observing operations, reviewing policies, analyzing accounting records, and examining documentation supporting recorded transactions and balances. 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, which are (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

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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This audit required 159 audit hours at an approximate cost of \$11,448. The cost represents 1.2% of the \$927,270 in expenditures subjected to audit.