

# STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

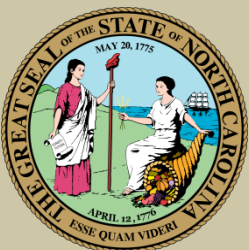
BETH A. WOOD, CPA



## AREA DAY REPORTING PROGRAM FOR YOUTH

NEW BERN, NORTH CAROLINA

INVESTIGATIVE REPORT  
FEBRUARY 2019



**NC OSA**  
The Taxpayers' Watchdog

# EXECUTIVE SUMMARY

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## **PURPOSE**

The Office of the State Auditor received multiple allegations through its Hotline regarding the misuse of grant funds at Area Day Reporting Program for Youth (Area Day). During the investigation of the initial allegations, investigators identified concerns about other expenditures and violations of North Carolina Department of Public Instruction policies.

## **BACKGROUND**

Area Day is a nonprofit organization established in 2001 and based in New Bern, North Carolina. The organization receives grant funding to provide a juvenile crime prevention program and after-school care programs for students in Craven County.

## **FINDINGS**

- The North Carolina Department of Public Instruction reimbursed Area Day for amounts in excess of its Executive Director's actual time and effort
- Finance Officer owned taxi company that provided student transportation services for Area Day
- Computer equipment not properly accounted for to prevent loss or theft

## **KEY RECOMMENDATIONS**

- The Executive Director should accurately record the hours worked on her timesheets so they reflect only the actual time and effort devoted to each grant
- Area Day's board of directors should provide sufficient oversight of the Executive Director's work hours to ensure accountability and accurate timekeeping
- Area Day should solicit quotes or competitive bids from independent transportation providers
- Area Day should establish a policies and procedures manual that addresses real or perceived conflicts of interest

*Key recommendations are not inclusive of all recommendations in the report.*

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

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## **AUDITOR'S TRANSMITTAL**

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The Honorable Roy Cooper, Governor  
Members of the North Carolina General Assembly  
Mark Johnson, State Superintendent of Public Instruction  
Barbara Lee, Executive Director, Area Day Reporting Program for Youth

Ladies and Gentlemen:

Pursuant to *North Carolina General Statute §147-64.6(c)(16)*, we have completed an investigation of allegations concerning the Area Day Reporting Program for Youth. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General, and other appropriate officials in accordance with *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of the Area Day Reporting Program for Youth and the North Carolina Department of Public Instruction during our investigation.

Respectfully submitted,

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

Beth A. Wood, CPA  
State Auditor

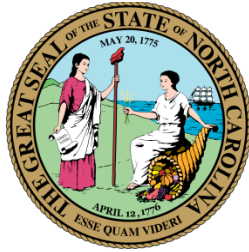


Beth A. Wood, CPA  
State Auditor

# TABLE OF CONTENTS

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	PAGE
BACKGROUND.....	1
FINDINGS AND RECOMMENDATIONS	
1) THE NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION REIMBURSED AREA DAY FOR AMOUNTS IN EXCESS OF ITS EXECUTIVE DIRECTOR’S ACTUAL TIME AND EFFORT .....	2
2) FINANCE OFFICER OWNED TAXI COMPANY THAT PROVIDED STUDENT TRANSPORTATION SERVICES FOR AREA DAY .....	5
3) COMPUTER EQUIPMENT NOT PROPERLY ACCOUNTED FOR TO PREVENT LOSS OR THEFT .....	7
MATTERS FOR FURTHER CONSIDERATION .....	10
APPENDICES.....	11
RESPONSE FROM AREA DAY REPORTING PROGRAM FOR YOUTH.....	13
RESPONSE FROM DEPARTMENT OF PUBLIC INSTRUCTION.....	15
ORDERING INFORMATION .....	17



# BACKGROUND

The Office of the State Auditor received several allegations through its Hotline concerning Area Day Reporting Program for Youth's (Area Day) misuse of grant funds. During the investigation of the initial allegations, investigators identified concerns about other expenditures and violations of North Carolina Department of Public Instruction policies.

Our investigation of these allegations included the following procedures:

- Review of applicable state and federal regulations, North Carolina Department of Public Instruction policies and procedures, and Area Day policies and procedures
- Examination and analysis of available documents and records
- Interviews with personnel from Area Day, the North Carolina Department of Public Instruction, the North Carolina Department of Public Safety, and Craven County Government
- Forensic examination of computers assigned to Area Day personnel

This report presents the results of the investigation. The investigation was conducted pursuant to *North Carolina General Statute § 147-64.6 (c) (16)*.

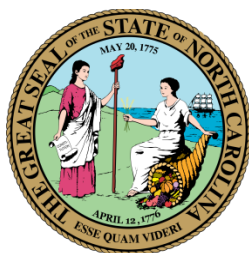
Area Day is a nonprofit organization established in 2001 and based in New Bern, North Carolina. The organization receives grant funding from the following programs to provide a juvenile crime prevention program and after-school care programs for students in Craven County:

- **Juvenile Crime Prevention Council (JCPC)** – The JCPC grant is an allocation based grant that is administered by the North Carolina Department of Public Safety (DPS). The purpose of the JCPC grant is to provide a structured and supervised alternative to youth who would otherwise be unsupervised and most susceptible to delinquent activities when suspended from school or returning from detentions.<sup>1</sup> Area Day first submitted a proposal for JCPC funding in fiscal year 2000 – 2001 which was approved by DPS. Area Day has received JCPC grant funds annually since that time.
- **21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> CCLC)** – The 21<sup>st</sup> CCLC grant is a competitive, reimbursement based grant that is administered by the North Carolina Department of Public Instruction (DPI). The purpose of the 21<sup>st</sup> CCLC grant is to provide before and after-school, weekend, and summer school academic enrichment opportunities for children attending low-performing schools to help them meet local and state academic standards in subjects such as reading, mathematics, and science.<sup>2</sup> In December 2014, Area Day submitted its first request for reimbursement from the 21<sup>st</sup> CCLC grant. This request was approved by DPI and Area Day received its first 21<sup>st</sup> CCLC reimbursement in January 2015.
- **Extended Learning and Integrated Student Supports (ELISS)** – The ELISS grant is a competitive, reimbursement based grant that is administered by the North Carolina Department of Public Instruction (DPI). The purpose of the ELISS grant is to fund extended learning and student support services for at-risk students that raise standards for student academic outcomes.<sup>3</sup> In February 2018, Area Day submitted its first request for a reimbursement from the ELISS grant. The request was approved by DPI and Area Day received its first reimbursement later that month.

<sup>1</sup> North Carolina Department of Public Safety JCPC Program - Program Agreement

<sup>2</sup> <http://www.ncpublicschools.org/21cclc/>

<sup>3</sup> <http://www.ncpublicschools.org/program-monitoring/eliss/>



# **FINDINGS AND RECOMMENDATIONS**

# 1. NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION REIMBURSED AREA DAY FOR AMOUNTS IN EXCESS OF ITS EXECUTIVE DIRECTOR'S ACTUAL TIME AND EFFORT

The North Carolina Department of Public Instruction (DPI) reimbursed Area Day Reporting Program for Youth (Area Day) for overlapping and excessive time charged to multiple grants by the Executive Director. This resulted in reimbursements to Area Day for hours not actually worked by the Executive Director.

The Executive Director of Area Day receives compensation for the following three grants: Juvenile Crime Prevention Council (JCPC), 21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> CCLC), and Extended Learning and Integrated Student Supports (ELISS). She received a salary of \$33,280 from the JCPC grant to administer the program, supervise staff, and ensure financial accountability. According to the JCPC program agreement, the \$33,280 was based on an hourly wage of \$16 for 40 hours per week and 52 weeks per year. The Executive Director also received a wage of \$39 per hour from the 21<sup>st</sup> CCLC grant and \$39 per hour from the ELISS grant.

## **Executive Director Charged Overlapping and Excessive Time to Multiple Grants**

Timesheets submitted by the Executive Director indicated she worked between 12 and 16 hours a day with only one 30-minute break. A typical weekly timesheet for the Executive Director showed the following hours worked for the JCPC and 21<sup>st</sup> CCLC grants through May 2018.

<b>Hours worked per Executive Director's Timesheets Prior to June 2018 and before ELISS Grant Award</b>						
	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Week Total</b>
<b>JCPC Grant</b>	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	<b>40 hours</b>
<b>21st CCLC Grant</b>	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	<b>20 hours</b>
<b>Daily Total</b>	<b>12 hours</b>	<b>12 hours</b>	<b>12 hours</b>	<b>12 hours</b>	<b>12 hours</b>	<b>60 Hours</b>



## FINDINGS AND RECOMMENDATIONS

Beginning in June 2018, the Executive Director's timesheets showed hours for a third grant (ELISS) were also recorded from 4:30 p.m. to 8:30 p.m. These were the same hours she recorded for the 21<sup>st</sup> CCLC grant. The Executive Director then started submitting reimbursement requests for the overlapping hours worked on the ELISS and 21<sup>st</sup> CCLC grants. The Executive Director charged four hours (4:30 p.m. to 8:30 p.m.) every weekday to both the ELISS and 21<sup>st</sup> CCLC grants.

<b>Hours worked per Executive Director's Timesheets Beginning in June 2018 and after ELISS Grant Award</b>						
	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Week Total</b>
<b>JCPC Grant</b>	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	8:00 a.m. to 4:00 p.m.	<b>40 hours</b>
<b>21st CCLC Grant</b>	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	<b>20 hours</b>
<b>ELISS Grant</b>	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	4:30 p.m. to 8:30 p.m.	<b>20 hours</b>
<b>Daily Total</b>	<b>16 hours</b>	<b>16 hours</b>	<b>16 hours</b>	<b>16 hours</b>	<b>16 hours</b>	<b>80 Hours</b>

In the two-month period reviewed by investigators, the Executive Director was paid for 88 hours not worked and Area Day received \$3,432 of grant reimbursements for those hours. Therefore, Area Day was reimbursed by DPI for the Executive Director's salary for amounts in excess of her actual time and effort including overlapping time charged to the 21<sup>st</sup> CCLC and ELISS grants.

In addition to the overlapping time, investigators observed the Executive Director arriving between 10:00 a.m. and 11:00 a.m. on four separate occasions. A subsequent review of the Executive Director's timesheets showed she recorded a full eight hours worked (8:00 a.m. to 4:00 p.m.). Interviews with Area Day employees also indicated that the Executive Director's hours in the office were significantly less than the time recorded on her timesheets.

### **Resulted in Underutilization of Grant Funds**

Area Day was reimbursed through the 21<sup>st</sup> CCLC and ELISS grants for hours not worked by the Executive Director. These DPI grant funds could have been utilized to better serve children in the 21<sup>st</sup> CCLC and ELISS programs. Specifically, DPI grant funds could have been distributed to other grant recipients to improve or expand their after-school and summer school academic enrichment opportunities for children attending low-performing schools.

### **Caused by Lack of Oversight**

Area Day's board of directors (board) failed to maintain adequate oversight of the time reported by the Executive Director. Area Day's board chair approved the Executive Director's timesheets despite the overlapping hours being charged to the two DPI grants.

In addition to the lack of board oversight, DPI program and fiscal monitors failed to notice the overlapping time charged to the 21<sup>st</sup> CCLC and ELISS grants.

### **Also Caused by Standardized Hours on Timesheets**

The Executive Director's timesheets appeared to be filled out with a standard set of hours with almost no variation from week to week. The timesheets also failed to account for any time off such as vacation and sick leave. Further, the Finance Officer informed investigators that she prepared the Executive Director's timesheets by typing in a standard set of hours as instructed by the Executive Director.

The number of hours recorded by the Executive Director for each task was questionable. The descriptions listed on the timesheets indicate that each task takes precisely four hours.<sup>4</sup> Examples include:

- Bookkeeping - four hours
- Site visit - four hours
- End of year celebration - four hours
- Office work - four hours
- Staff meeting - four hours

This pattern of recording time in four-hour blocks, regardless of the task, was repetitive for all timesheets reviewed.

### **Department of Public Instruction Policy Requires Accurate Time and Effort Documentation**

The 21<sup>st</sup> CCLC Fiscal and Program Guidance stipulates, "The purpose of the time and effort reporting is to certify and verify that the employee's salary paid from the grants funds is commensurate with his/her percent of effort worked on the grant."

DPI policy also provides guidance to grantees for payroll reimbursement. DPI's 21<sup>st</sup> CCLC Fiscal and Program Guidance provides, "Sub-recipients must maintain certified time and effort documentation that corresponds to payroll records for all staff including management."

## **RECOMMENDATIONS**

- The North Carolina Department of Public Instruction should seek repayment of \$3,432 for services paid for but not received
- The Executive Director should accurately record the hours worked on her timesheets so they reflect only the actual time and effort devoted to each grant
- Area Day's board of directors should provide sufficient oversight of the Executive Director's work hours to ensure accountability and accurate timekeeping
- DPI should enhance their fiscal monitoring activities to ensure that time and effort is reasonable and the same expenditures are not reimbursed through two separate grants

<sup>4</sup> See Appendix A for an example of the Executive Director's timesheet.

### **2. FINANCE OFFICER OWNED TAXI COMPANY THAT PROVIDED STUDENT TRANSPORTATION SERVICES FOR AREA DAY**

Students participating in the 21<sup>st</sup> Century Community Learning Centers program (21<sup>st</sup> CCLC) usually require transportation to and/or from one of Area Day Reporting Program for Youth's (Area Day) facilities in New Bern, North Carolina. Staff members and contract transportation companies provided the transportation services.

A taxi company owned by Area Day's Finance Officer was contracted to provide transportation services for the after-school program beginning in 2015. The Executive Director selected the Finance Officer's company without soliciting quotes or competitive bids from any other transportation providers.

#### **Executive Director Failed to Solicit Open Competition**

Area Day's Executive Director failed to seek quotes or competitive bids before awarding a contract for student transportation to a taxi company owned by Area Day's Finance Officer. The Executive Director decided to forgo open competition for the transportation services contract. The Executive Director said the taxi company was the only vendor in New Bern she was aware of that could provide student transportation services. She concluded, that there was no need to solicit quotes or bids.

The Executive Director told investigators she formerly owned a restaurant adjacent to the taxi company. She said she was under the assumption that the taxi company was owned by the Finance Officer's son. The Executive Director said she discussed Area Day's transportation needs with the son, who in turn provided a proposal, which she accepted.

Investigators discovered that Area Day's Finance Officer, not her son, owns the transportation company selected by the Executive Director. The Finance Officer told investigators that she and the Executive Director are "family friends from way back." When investigators informed the Executive Director that Area Day's Finance Officer owned the transportation vendor, she claimed she was unaware of that.

#### **Resulted in the Finance Officer Receiving a Direct Financial Benefit and May Have Resulted in Excessive Costs**

The Finance Officer received a direct financial benefit from the 21<sup>st</sup> CCLC grant as a result of a contract awarded by Area Day to the taxi company she owns. From January 2015 to May 2018, there were 62 online transfers totaling \$121,000 from the taxi company's bank account to the Finance Officer's personal bank accounts. The taxi company generates most, if not all, of its revenue through the contract with Area Day.

Additionally, Area Day's transportation costs are excessive in comparison to other 21<sup>st</sup> CCLC programs in neighboring counties. Area Day is located in Craven County and its transportation cost per student is approximately twice the cost of programs in other counties.<sup>5</sup> Table 1 illustrates transportation costs in the counties of Bertie, Carteret, Craven, and New Hanover.

<sup>5</sup> Contract transportation cost data furnished by the North Carolina Department of Public Instruction for several eastern counties it considered to be comparable.

Table 1 – Contract Transportation Costs						
Counties	2016			2017		
	\$ Cost	# Students	\$ Cost/Student	\$ Cost	# Students	\$ Cost/Student
Bertie County	\$22,131	83	\$267	\$11,450	83	\$138
Carteret County	\$20,110	75	\$268	\$13,976	66	\$212
<b>Craven County</b>	<b>\$83,009</b>	<b>156</b>	<b>\$532</b>	<b>\$61,809</b>	<b>129</b>	<b>\$479</b>
New Hanover County	\$43,088	164	\$263	\$56,767	236	\$241

Total transportation costs were even higher than the contract transportation amounts shown in Table 1 because Area Day also used 21<sup>st</sup> CCLC grant funds to provide its own student transportation. Area Day used 21<sup>st</sup> CCLC grant funds to rent a passenger van from a local church. Funds from another grant<sup>6</sup> were used to purchase two additional passenger vans. These vans were used to provide student transportation for the 21<sup>st</sup> CCLC program and were driven by Area Day staff including the Finance Officer, a lead instructor, and an assistant instructor.

#### **Caused by Failure to Solicit Price and Rate Quotes and Disclose Conflict of Interest**

The Executive Director of Area Day failed to solicit quotes or competitive bids for student transportation services and instead selected a company owned by the Finance Officer.

The Finance Officer failed to disclose the conflict of interest arising from her ownership of the transportation company. Further, Area Day did not have a policy which would have addressed real or perceived conflicts of interest.

#### **Code of Federal Regulations Provides Procurement Guidance and Addresses Conflict of Interest**

Recipients of 21<sup>st</sup> CCLC grant funds must follow the procurement rules and regulations codified in the Code of Federal Regulations (CFR). 2 CFR § 200.319 stipulates, "All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section."

Another CFR that provides guidance to 21<sup>st</sup> CCLC recipients is 2 CFR § 200.318(c)(1) which stipulates that, "**No employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest** [emphasis added]. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The

<sup>6</sup> Transportation vans purchased with funds from the North Carolina Department of Public Safety Juvenile Crime Prevention Council (JCPC) grant.

standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.”

### RECOMMENDATIONS

- Area Day should solicit quotes or competitive bids from independent transportation providers
- Area Day should establish a policies and procedures manual that addresses real or perceived conflicts of interest
- The North Carolina Department of Public Instruction should perform an analysis of Area Day's transportation costs and seek reimbursement for any amounts found to be unreasonable or excessive

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### 3. COMPUTER EQUIPMENT NOT PROPERLY ACCOUNTED FOR TO PREVENT LOSS OR THEFT

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Area Day Reporting Program for Youth (Area Day) did not provide reasonable care, security, and accountability over computer equipment to prevent loss or theft. Although the North Carolina Department of Public Instruction (DPI) provides fiscal guidance to grant recipients regarding asset accountability, Area Day failed to comply with this guidance.

#### **Failure to Properly Account for Computer Equipment**

Area Day could not account for nor locate computer equipment purchased with 21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> CCLC) grant funds. Area Day failed to maintain adequate, accurate physical inventory records and did not have a process in place to properly account for the acquisition or disposal of assets.

Area Day has not maintained the required physical inventory records per the 21<sup>st</sup> CCLC grant requirements. For example, Area Day could not provide sufficient documentation for computer equipment purchased and its current status, whether in-use, broken, sold, transferred, lost, stolen, or otherwise disposed of.

Investigators noted three types of discrepancies involving computer equipment at Area Day:

- 1) Computer equipment listed in physical inventory records but not located
  - Physical inventory records showed two Dell computers including an X12 two-in-one tablet. However, there were no financial records supporting when and what funds were used to purchase these computers and the current location of these assets.
- 2) Computer equipment purchased but not recorded in physical inventory records or located
  - Four notebooks, six monitors, and six printers purchased from Staples on February 11, 2015, were not listed in the physical inventory records.
- 3) Computer equipment in use but not included in the physical inventory records
  - Two laptops utilized by the Executive Director and Finance Officer were not listed on Area Day's physical inventory records. The Executive Director and Finance

Officer said the laptops were purchased with 21<sup>st</sup> CCLC grant funds. However, they could not provide a paid invoice, receipt, or other purchase documentation.

Further, the physical inventory records maintained by Area Day did not contain the required information as outlined in the Code of Federal Regulations including serial numbers, acquisition dates, funding sources, and the cost of the property. (See Appendix B)

### **Resulted in an Increased Risk of Misuse, Misappropriation, or Unnecessary Purchases of Computer Equipment**

The failure to maintain adequate controls resulted in an increased risk of misuse and misappropriation of computer equipment.

Additionally, Area Day cannot properly assess the level of available assets within its organization which could lead to unnecessary purchases of computer equipment.

### **Caused by the Executive Director's Failure to Follow Grant Requirements and Inadequate Program Monitoring by DPI**

A lack of management oversight by the Executive Director resulted in an inadequate physical inventory of computer equipment including laptops and tablets. The Executive Director failed to perform or delegate the responsibilities associated with conducting and maintaining a physical inventory.

The DPI Program Administrator<sup>7</sup> failed to identify or elected to overlook the lack of physical inventory records during his programmatic monitoring. Despite the issues with maintaining an accurate inventory of equipment and supplies purchased with 21<sup>st</sup> CCLC grant funds, the Program Administrator reported that the Area Day program “meets requirements.”<sup>8</sup>

### **Code of Federal Regulations Addresses Controls over Property and Equipment**

Recipients of 21<sup>st</sup> CCLC grant funds must follow the rules and regulations over property and equipment that are codified in the Code of Federal Regulations (CFR). 2 CFR § 200.313(2) stipulates, “A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.”

Additional rules and regulations pertaining to recordkeeping for equipment purchased with 21<sup>st</sup> CCLC grant funds are also codified in a CFR. Specifically, 2 CFR § 200.333(c) requires, “Records for real property and equipment acquired with federal funds must be retained for 3 years after final disposition.”

Another CFR addresses the level of details and the type of information that must be maintained by the 21<sup>st</sup> CCLC grant recipients. In particular, 2 CFR § 200.313(1) provides,

“Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property

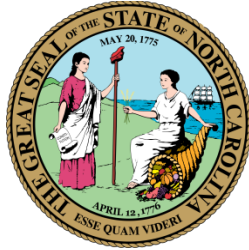
<sup>7</sup> During the investigation, it was discovered that the DPI Program Administrator is a long-time acquaintance and friend of the Executive Director.

<sup>8</sup> 21<sup>st</sup> Century Community Learning Centers Comprehensive Program Monitoring Report

was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.”

### **RECOMMENDATIONS**

- Area Day should perform a comprehensive physical inventory to reconcile asset purchases with assets on hand as required per the grant award documents and the Code of Federal Regulations
- Area Day should maintain physical inventory records consistent with the requirements specified in 2 CFR § 200.313(1)



# **MATTERS FOR FURTHER CONSIDERATION**

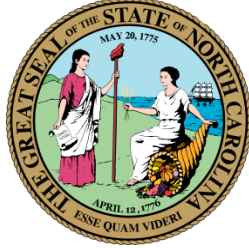


**Financial and Programmatic Concerns at Area Day Reporting Center For Youth**

The investigation conducted by the North Carolina Office of State Auditor was focused on very specific allegations involving fraud, waste, and abuse of taxpayer funds. Given the extent of issues identified at Area Day Reporting Center For Youth (Area Day), it is recommended that the North Carolina Department of Public Instruction arrange for an independent and extensive review of Area Day and the 21st CCLC and ELISS grants. The purpose of such a review would be to ensure Area Day is correctly administering the grant funds and that program objectives are being met.

**Develop Independence Certification for North Carolina Department of Public Instruction Program Administrators and Fiscal Monitors**

There is currently no requirement to disclose a lack of independence by North Carolina Department of Public Instruction (DPI) program administrators and fiscal monitors. Given the discovery by investigators that the DPI Program Administrator assigned to monitor Area Day is a long-time acquaintance and friend of the Executive Director, it is recommended that DPI develop an independence policy. The policy should include an independence certification in all fiscal and programmatic monitoring reports. This certification would require program administrators and monitors to certify they have no independence impairments, either in fact or in appearance, that would compromise their ability to conduct an independent review.



# APPENDICES

ACCA# 6251995997



5350-110.113

May & June  
40

Employee Name: [REDACTED] Title: Director  
 Site Location: Area Day Reporting Center Rate of Pay: \$ Hourly  
 Period Starting Date: 5/21/2018 Period Ending Date: 6/6/2018

ADR

AS

Date	Time In	Time Out	Total Hours	Time In	Time Out	Total Hours	Justification
5/21/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Site Visit (Pembroke)
5/22/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Office work (Reports, document keying)
5/23/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	End of year Celebration
5/24/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Site Visit (St. Peters)
			32			16	
Date	Time In	Time Out	Total Hours	Time In	Time Out	Total Hours	Justification
5/29/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Site Visit (James City)
5/30/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Office work (Reports, document keying)
5/31/2018	8:00 AM	4:00 AM	8	4:30 PM	8:30 PM	4	Site Visit (United)
			24			12	
			TOTAL PAY PERIOD HOURS WORKED				28

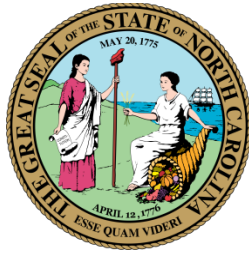
By signing this time sheet, I certify that the above is an accurate reflection of all hours worked during the indicated time period.

Employee Signature: [REDACTED] Date: 6/6/2018

This certifies that the above employee time sheet reflects 100% of their times with the 21<sup>st</sup> Century Program

Inventory List for 21<sup>st</sup> CCLC

1keyboard	Dell Cnorh6597357101c07dq	AREA DAY	B.H	
1keyboard	Dell Imjso14041514515	AREA DAY	B.H	
1keyboard	Dell Cnodj3317161668t1fj3	AREA DAY	B.H	
1Keyboard	Dell Imjso13121208988			
1keyboard	Dell Cnddj3317161674d040w	AREA DAY B.H office	B.H	
1 monitor	Dell Cnoun492-73731		BH	
1monitor	Dell Cnocn08474261		BH	
1 monitor	Dell Cnoxj5tr72872-64n		BH	
1 monitor	Dell Cnorw195728727aq4kws		BH	
1 monitor	Dell Fy4eahao85738		BH	
1 monitor	Dell T8C4V42KALACNNE		BH	
1 monitor	Dell Cnocho84-74261-7aa		BH	
1 monitor	Dell Cnoch74-4562-12b	AREA DAY B.H office	BH	
1 Desk Computer	Dell 17851217150	Area day B.H office	B.H	10/20/2016
1Desk Computer	Dell 17851217150	Barbara office	B.H	1/5/2017



# **RESPONSE FROM AREA DAY REPORTING PROGRAM FOR YOUTH**



**ADRC**

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**AREA DAY REPORTING CENTER FOR YOUTH**

500 Fort Totten Drive  
New Bern, NC 28560

Telephone: (252) 638-6542  
Fax: 252-638-6745

E-Mail: [ayouth@suddenlinkmail.com](mailto:ayouth@suddenlinkmail.com)

Ms. Beth A Wood, CPA  
Office of State Auditor  
2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27600

Dear Ms. Wood:

We have received a copy of the investigative report and your letter dated January 4, 2019 regarding findings of Area Day Reporting Program for Children Inc.

Area Day Program appreciates and accepts the recommendations made for the betterment of our agency. We will adhere to the recommendations made by the Auditors.

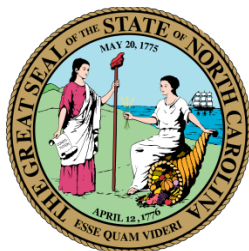
Please find ADRC response to the recommendations as suggested that specifies the person or persons to be responsible and time lines proposed.

Respectfully Submitted by,

Barbara H. Lee,

Corrective Action	Responsible Party	Completion Date	Recommendation Addressed
1. The Board Chairman will monitor Executive Director work hours and the recording of work hours..	Executive Director and Board Chairman	February 2019 (in process)	#1
2. Director will contact DPI Representative to discuss over payment.	Fiscal Agent	February, 2019 (in process)	#1
3. Area Day will solicit bids for any contracts or purchases exceeding \$500.	Purchasing Agent	January 2019	#2
4. ARDC established policies and procedures addressed to conflict of interest.	Executive Director	February 2019 (in process)	#2
5. ADRC will maintain physical inventory of equipment purchased as recommended in conjunction with requirements of each grantors.	Purchasing Agent and Executive Director	Februar20, 2019	#3





# **RESPONSE FROM DEPARTMENT OF PUBLIC INSTRUCTION**





# **PUBLIC SCHOOLS OF NORTH CAROLINA**

**DEPARTMENT OF PUBLIC INSTRUCTION** | Mark Johnson, *Superintendent of Public Instruction*  
 WWW.NCPUBLICSCHOOLS.ORG

February 12, 2019

The Honorable Beth A. Wood, State Auditor  
 Office of State Auditor  
 2 South Salisbury Street  
 20601 Mail Service Center  
 Raleigh, North Carolina 27699-0601

The North Carolina Department of Public Instruction (DPI) is pleased to submit our response to your findings in connection with the Area Day Reporting Program for Youth (Area Day) investigative report. We agree with the findings and recommendations contained in the report and appreciate the assistance provided by the Office of State Auditor (OSA) to identify areas for improvement. DPI's Division of Federal Program Monitoring and Support (FPMS) oversees both the 21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> CCLC) grant and the Extended Learning and Integrated Student Supports (ELISS) grant and will be leading the effort to resolve the issues noted in the report.

FPMS is making updates to fiscal and programmatic monitoring efforts including implementing a requirement that program administrators disclose any independence issues or conflicts of interest in performing assignments. FPMS is enhancing fiscal monitoring of grant recipients to ensure time and effort is reviewed in detail and compared to other grants. FPMS is arranging an independent, extensive review of Area Day for both the 21<sup>st</sup> CCLC grant and the ELISS grant as recommended. During this review, we plan to perform analysis of Area Day's transportation costs. DPI will seek repayment for the \$3,432 identified in finding one for services not rendered as well as any transportation costs found to be unreasonable or excessive during our review.

We believe implementation of these corrective actions will address the deficiencies noted. Please feel free to contact Jeani Rousseau or me if you have any questions about our response. As always, we appreciate the effort and professionalism of your staff in conducting audits of the Department of Public Instruction.

## **OFFICE OF THE NORTH CAROLINA SUPERINTENDENT**

Mark Johnson, *Superintendent of Public Instruction* | mark.johnson@dpi.nc.gov  
 6301 Mail Service Center, Raleigh, North Carolina 27699-6301 | (919) 807-3430 | Fax (919) 807-3445  
 AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Auditor Wood  
Area Day Reporting Program for Youth  
Page 2  
February 12, 2019

Sincerely,



Mark Johnson

c: Eric Davis, State Board of Education Chairman  
Alan Duncan, SBE Audit Committee Chair  
Eric Hall, Deputy Superintendent of Innovation  
Jeani Rousseau, Director of Internal Audit

# ORDERING INFORMATION

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## COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0600

Telephone: 919-807-7500  
Facsimile: 919-807-7647  
Internet: <http://www.ncauditor.net>

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Office of the State Auditor Fraud Hotline: **1-800-730-8477**  
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<https://itunes.apple.com/us/app/nc-state-auditor-hotline/id567315745>

For additional information contact:  
Brad Young  
Director of External Affairs  
**919-807-7513**



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This investigation required 999.5 hours at an approximate cost of \$102,949.