



THE MONITOR

NORTH CAROLINA OFFICE OF THE STATE AUDITOR
STATE AUDITOR BETH WOOD
QUARTERLY NEWSLETTER

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TOP STORIES IN THIS NEWSLETTER



BRIDGES ACADEMY



FRANKLINTON

[INVESTIGATIVE REPORT ON BRIDGES ACADEMY \(APRIL\)](#)

The now-shuttered Bridges Academy was a charter school located in Surry County that served grades K-8 from 1997 through 2021. The Foundation that operated the school also opened and operated a preschool from 2020 to 2021.

The Office of the State Auditor (OSA) investigated Bridges Academy after receiving six allegations concerning the school. OSA found that Bridges Academy:

- falsified student enrollment records to obtain \$404,971 in state funding;
- misused \$78,576 of charter school funding to support the preschool; and
- failed to prepare and submit required 1099 tax forms.



Specifically, the Academy's Director and Finance Officer reported students who were not enrolled at Bridges Academy to the Department of Public Instruction (DPI) on the school's Principal Monthly Report, which DPI uses to determine the amount of state funding a charter school receives. School officials admitted this practice went on for approximately eight years.

Further, the Foundation that operated Bridges Academy used state funding specifically designated for the K-8 school to support the operations of the preschool, which represents an unallowed use of these funds.

OSA recommended that DPI pursue repayment of these misspent funds and also referred the reported findings to the District Attorney for the 34th Prosecutorial District, the Internal Revenue Service, and the North Carolina Department of Revenue.

DPS OVERSIGHT OF HURRICANE FLORENCE DISASTER RECOVERY FUNDS (APRIL)



The devastating effects of Hurricane Florence in 2018 created tremendous need across North Carolina. To meet this need, the General Assembly enacted the Hurricane Florence Emergency Response Act, which in turn established the Hurricane Florence Disaster Recovery Fund (Fund). The legislature directed the Department of Public Safety (DPS) to administer the Fund, which had distributed \$783 million to state entities and a nonprofit foundation as of January 31, 2021.

The General Assembly also directed the Office of the State Auditor (OSA) to conduct a performance audit of the Fund. OSA found that DPS distributed \$502 million in Funds with limited monitoring. Specifically, DPS did not plan to make sure that the programs that received Funds were spending them properly by requiring documentation like invoices and receipts. Additionally, DPS did not ensure that recipients had established objectives for what they planned to do with their Funds nor that they had a plan in place to measure their progress towards meeting those objectives.

In addition to recommending that DPS monitor spending by Fund recipients and make sure these recipients have objectives that they are measuring, OSA also recommended that the General Assembly consider including monitoring requirements in future legislation regarding the spending of emergency relief funds.

[Video Overview of Report Findings from State Auditor Beth Wood](#)

WILDLIFE RESOURCES COMMISSION INVESTIGATIVE REPORT (APRIL)

The Office of the State Auditor (OSA) investigated allegations made regarding the Wildlife Resources Commission. OSA found that the Commission's Legislative Liaison failed to record leave time in the state payroll system. Had he separated from state employment during this period, he could have been entitled to a lump sum payment of \$9,768, which corresponds to 240 hours, the maximum payable amount according to state law. The Liaison also could have had more months of service count towards retirement than he had actually earned.



The Liaison claims he was unaware of the requirement to record his leave time in the system. The Commission's former Executive Director did not enforce guidelines requiring the Liaison to record his leave. Following the start of OSA's investigation, the Legislative Liaison did record **some** of the leave he had taken. However, he has still yet to record the majority of his leave in the state payroll system. OSA therefore recommended he complete this task. OSA also recommended that the Commission's Executive Director 1) ensure all employees record leave taken in the state payroll system and 2) approve leave records for all employees under his supervision. Further, OSA recommended the Commission consider disciplinary action against the Legislative Liaison.

TOWN OF FRANKLINTON INVESTIGATIVE REPORT (MAY)

The Office of the State Auditor received allegations regarding the Town of Franklinton. OSA conducted an investigation and found that the Town Manager made purchases totaling \$37,900 without following the formal bidding requirements outlined in the Town Purchasing Policy.

Specifically, the Town Purchasing Policy requires written solicitation of bids for purchases that exceed \$10,000. However, the Town Manager contracted with Franklinton Development for two projects – development of an alleyway (\$15,000) and demolition and repair of two properties (\$22,900) – without soliciting bids in writing. Instead, the Town Manager called a few companies to obtain quotes. He admitted that he did not obtain written quotes due to the size of the projects and the limited interest he encountered, which he attributed to the ongoing COVID-19 pandemic.

Failing to follow formal bidding requirements means the Town may have paid more than necessary for these two projects. The additional funds potentially spent could have been used for other Town operations.



OSA recommended that the Town Manager follow the formal bidding requirements for all purchases in accordance with the Town's Purchasing Policy, and also that the Town Manager and Town Commissioners should both 1) ensure employees are aware of all Town policies and 2) periodically review and revise the Purchasing Policy as needed to ensure it is current and reflects the needs of the Town.

OSA IN THE NEWS

Department of Justice: [Arrest Made in Connection to Spring Lake Investigative Report](#) (6/10)

Carolina Journal: [Town of Franklinton Investigative Report](#) (5/19)

CBS 17: [Bridges Academy Investigative Report](#) (4/28)

Center Square: [Wildlife Resources Commission Investigative Report](#) (4/14)

NC Policy Watch: [DPS Oversight of Hurricane Florence Disaster Recovery Funds](#) (4/13)

AUDITOR'S FINDINGS

In addition to continuing to perform impactful audits and investigations (featured in this issue) during the second quarter of 2022, the OSA Team has finalized the Vision (and corresponding initiatives) we plan to accomplish over the next three years. We are so excited about the new Vision and initiatives as they will enable the Office of the State Auditor to better serve citizens in these very changed times as we move forward after COVID. The initiatives include:

- Moving the Agency forward “at the speed of business...not the speed of government.”
- Performing more impactful audits (i.e., more audits that will identify wasteful/abusive spending) over the next three years.
- Realigning Agency metrics to ensure success in fulfilling the new OSA Vision.
- Recruiting the best and brightest auditors and investigators.



While COVID is certainly not out of our lives, it does feel like North Carolina is on the road to recovery. The pandemic has left us with many issues to be fixed but also has provided us with many opportunities to be a better North Carolina than we were. The OSA Team intends to put itself in the best position possible to help our General Assembly, our Governor, and Agency heads identify what those issues and opportunities are.

As the “Taxpayers’ Watchdog” we also will continue to provide transparency on how taxpayer dollars are spent.

~Beth

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