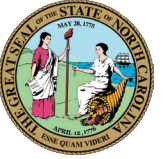


THE MONITOR

North Carolina Office of the State Auditor
State Auditor Beth A. Wood, CPA
Quarterly Newsletter

UNBIASED. IMPACTFUL. IRREFUTABLE.



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OSA Tipline

The OSA Tipline is governed by NCGA § 147-64.6B "Reports of improper governmental activities." It mandates that the State Auditor provide various means for the public to report allegations of improper governmental activities, such as misappropriation, mismanagement, waste of State resources, fraud, violations of state or federal law, violations of rules or regulations pertaining to administration of state or federal programs, and substantial and specific danger to the public health and safety.

Reports of waste, fraud or abuse received through the OSA Tipline, website, email, or snail mail are referred to the Investigative Audit division. The following are a few examples of some of the findings that resulted from leads through the OSA Tipline:

Town of Farmville:

- The Board of Commissioners failed to ensure the Town of Farmville received full and fair consideration for a property exchange related to the Town's fire station.
- The Board of Commissioners failed to ensure the Town of Farmville paid a reasonable monthly rent for its temporary library.
- The Town of Farmville improperly administered \$520,000 in Community Development Block Grant Neighborhood Revitalization funds.
- The Town of Farmville exceeded the maximum allowable transfer amount when transferring from its electric fund to its general fund by \$54,794.

Edgecombe County:

- The County submitted its federal withholdings to the Internal Revenue Service after the federal due date resulting in \$167,602 in penalties and fees.
- The County Manager overrode the purchasing policy when purchasing catering services totaling \$5,669.
- The County did not complete its monthly bank reconciliation for their disbursing and trust accounts.
- The County paid \$100,088 for insurance costs for former County employees.
- The County overpaid 12 employees a total of \$21,983 from January 2020 through December 2021.
- The County recorded 26 budget amendments totaling \$9.6 million during the fiscal year ended June 30, 2021 without approval by the Board of Commissioners.



How to Report Fraud, Waste or Abuse:

- Fill out our [on-line web form](#)
- Call toll-free: 1-800-730-8477
- Email: Tipline@ncauditor.net
- Write to: State Auditor's Tipline
20601 Mail Service Center
Raleigh, NC 27699

What information to submit: Provide as much detail as possible concerning who, what, when, where, how, and how much.

Privacy: Individuals who provide information concerning fraud, waste, abuse or mismanagement of state funds may provide information anonymously, if they wish, or provide their name and contact information. Your identity must be kept confidential under state law. In addition, state law provides protection from retaliation or discrimination for employees who report improper or illegal activities to the State Auditor.



AUDITOR'S FINDINGS

I typically dedicate this space in each issue of The Monitor to talk about the accomplishments of the Office of the State Auditor and the successes we are most proud of. However, for this edition, I'd like to take the time to educate readers about the things the Office of the State Auditor doesn't do and the misconceptions that often result from that lack of awareness.



As taxpayers we expect our local elected officials to safeguard and to be good stewards of our hard-earned tax dollars. However, that is not always the case and the result of not being a good steward can manifest itself in a couple of different ways:

1. Leaders in our local governments can make poor management decisions that result in ineffective and inefficient spending of our tax dollars; or
2. Leaders in our local governments can misuse, even steal the assets of a local government as well as abuse their positions for financial gain.

Indeed, bad management decisions happen all the time as we've seen time and again in both the private and public sectors. What's important for the public to understand is that the Office of the State Auditor is not in the position of auditing bad management decisions.

We investigate allegations of fraud and/or abuse at local governments. If the allegations are substantiated, the Office of the State Auditor issues a public report of the findings and will refer any findings it deems appropriate to a legal authority (District Attorney, FBI or SBI) for further actions. If the allegations are not substantiated there is no report.

We, at the Office of the State Auditor, understand the frustration of citizens when they see their hard-earned tax dollars being inefficiently or ineffectively spent. But again, if those choices are made and voted on by the local elected officials there is nothing the Office of the State Auditor can do.

We do get a lot of calls regarding inefficient spending of local tax dollars. For example, our office recently received a call from a concerned citizen about what they perceived to be a mishandling in applying a county tax on solar farms. While we can understand the caller's concern, we are not able to dictate to local governments how much taxes to levy on what types of properties.

The public's trust in what we do is crucial to our ability to do our work. We will continue to work to educate people that the Office of the State Auditor can only intercede after mismanagement results in either the fraud or abuse of local taxpayer dollars, or when it negatively impacts the ability to provide government services to the public. If you know of any instances of fraud or abuse of taxpayer dollars, contact the Office of the State Auditor Tipline at 1-800-730-8477 or Tipline@ncauditor.net.

~Beth

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OSA IN THE NEWS

- WRAL: [Audit: DPI sent \\$165k to fraudster in phishing scam](#) (Jun. 22, 2023)
- Public Radio East: [Hundreds of ENC properties may have been reappraised just to raise property taxes](#) (Jun. 29, 2023)
- WECT-TV: [State Auditor releases report on audit of Elizabethtown; former town manager disputes findings](#) (Jun. 11, 2023)
- Carolina Journal: [Audit: Farmville officials allegedly cost town thousands of dollars](#) (Aug. 10, 2023)
- John Locke Foundation: [The Sheriff vs. the Auditor: Who's Right, and Why It Matters for Individual Liberty](#) (Aug. 22, 2023)

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