

# THE MONITOR

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

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## Auditor Wood Appears Before House Committee

On November 1, State Auditor Beth Wood testified before the House Oversight and Reform Committee about two audits the OSA conducted on the state's Unemployment Insurance program, managed by the Division of Employment Security (DES).

The audits, conducted following the COVID-19 shutdown, found that \$438 million in first-time payments were delayed, in some cases up to a year, and \$166 million over and above federal limits on improper payments.

As a result of its audits, OSA recommended that DES implement U.S. Department of Labor recommendations to limit improper payment to a rate of less than 10% of claims paid, and to reduce improper payments attributable to errors due to work search requirements, benefit year earnings, and separation issues. OSA also recommended that DES create policies and procedures to monitor the timeliness of unemployment benefit payments, and continuously identify, evaluate, and address the risk that unemployment claims could increase due to events such as the next economic downturn.



## New Division: Data Analytics

This year, OSA established a new audit division, Data Analytics. This division collects and analyzes data to identify patterns, trends, and insights to help identify fraudulent and wasteful spending, as well as implements robotic solutions to free up staff so they may focus on more critical thinking needs for both the business side of the house and the performance of our audits.

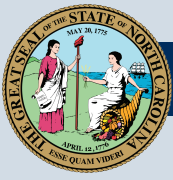


### How to Report Fraud, Waste or Abuse:

- Fill out our on-line web form
- Call toll-free: 800-730-8477
- Email [Tipline@ncauditor.net](mailto: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



As I enter my final days as North Carolina's State Auditor, I find myself reflecting on some of the more notable accomplishments of this office and the impact the work of this office has had on the citizens of North Carolina. When I think about these "points of pride" I am reminded of the outcomes resulting from some of our most impactful audits, outcomes that have led to changes in laws, policies and procedures to ensure proper stewardship of our taxpayer dollars. Some of OSA's most recent examples include:

- Town of Spring Lake: An investigative audit resulted in a four-year prison sentence for the town's finance director for embezzling more than \$500,000.
- Medical Providers: OSA auditors found that some medical providers practicing in North Carolina had their licenses suspended or revoked by other states, and a number of whom continued to see Medicaid patients and receive payment from the state.
- Truancy: OSA performed an analysis of attendance and truancy policies and procedures for six public school districts during the 2020-2021 school year and found that all six did not comply with North Carolina's Truancy Law in dealing with excessive student absences. One district saw its chronic absenteeism rate triple and 87% of those chronically absent students were promoted or graduated during the 2020-2021 school year.
- North Carolina Unemployment Insurance program: Two audits conducted following the COVID-19 shutdown found that \$438 million in first-time payments were delayed, in some cases up to a year, and \$166 million over and above federal limits on improper payments.

Another point of pride is the level of community outreach we have been able to sustain in our efforts to educate the public about the work of the OSA. I have personally traveled the state from the coast to the mountains to meet with Kiwanis Clubs, Rotaries, Chambers of Commerce, Civitas groups, women's business groups, and colleges and universities. Those were my opportunities to engage with North Carolina citizens and promote a greater understanding of the work of government and our work to root out incidences of wasteful spending.

Finally, I want to extend my deepest appreciation for the work of the OSA staff. During my tenure, more than 2,500 reports have been issued on topics as far-reaching as student eligibility for financial aid to monitoring Medicaid spending to whether required testing of asphalt and gravel is conducted for highway construction projects. Our auditors must be well-versed in all aspects of state government as well as any federal monies appropriated by the state. I take great pride in their work and in OSA's legacy as "Unbiased. Impactful. Irrefutable."

*Beth*

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## OSA IN THE NEWS

- Raleigh News & Observer: [List: Membership totals in NC for unions, employee associations](#) (Sept. 23, 2023)
- Associated Press: [North Carolina's auditor, educators clash over COVID-19 school attendance report | AP News](#) (Oct. 13, 2023)
- Raleigh News & Observer: [NC audit questions student attendance records during pandemic](#) (Oct. 17, 2023)
- WSOC-TV: [Auditor: Taylorsville improperly paid \\$746K for services from town employees' company](#) (Nov. 1, 2023)
- Carolina Journal: [Audit: State paid \\$166 million in unemployment benefits incorrectly](#) (Nov. 2, 2023)
- Greensboro News Record: [Update: 2 Taylorsville employees on administrative leave, town paid duo \\$750K with little documentation](#) (Nov. 6, 2023)

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