



STATE OF NORTH CAROLINA

SPECIAL REVIEW

WORK/FAMILY RESOURCE CENTER, INC.

WINSTON-SALEM, NORTH CAROLINA

JANUARY 1996

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

SPECIAL REVIEW

WORK/FAMILY RESOURCE CENTER, INC.

WINSTON-SALEM, NORTH CAROLINA

JANUARY 1996

[This Page Left Blank Intentionally]

LETTER OF TRANSMITTAL

January 25, 1996

The Honorable James B. Hunt, Jr., Governor
Mr. C. Robin Britt, Sr., Secretary
North Carolina Department of Human Resources
Mr. Stephen P. Karr, President
Work/Family Resource Center, Inc.
Members of the North Carolina General Assembly

Ladies and Gentlemen:

Pursuant to General Statute §147-64.6(c)(16), we have completed our special review into allegations concerning Work/Family Resource Center, Inc. The results of our review, along with recommendations for corrective actions, are contained in this report.

General Statute §147-64.6(c)(12) requires the State Auditor to provide the Governor, the Attorney General, and other appropriate officials with written notice of apparent instances of violations of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee. In accordance with that mandate, and our standard operating practice, we are providing copies of this special review to the Governor, the Attorney General, and other appropriate officials.

Respectfully submitted,

Ralph Campbell, Jr.
State Auditor

[This Page Left Blank Intentionally]

TABLE OF CONTENTS

	PAGE
OVERVIEW	1
INTRODUCTION.....	5
FINDINGS AND RECOMMENDATIONS.....	10
EXHIBITS	
A Statement of Financial Impact	35
B Checks Written to David Robbins, Former Finance Director	37
C Checks Written to Cathie Fritts, Former Director of Davidson County Child Care Resource and Referral Services.....	45
D Questionable Checks Signed by Cathie Fritts Without Adequate Support	51
E Checks Given to the State Bureau of Investigation by Cathie Fritts.....	53
F Response from the Secretary of the Department of Human Resources.	55
G Response from the President of the Board of Directors of Work/Family Resource Center, Inc.	57
DISTRIBUTION OF AUDIT REPORT.....	59

[This Page Left Blank Intentionally]

OVERVIEW

Work/Family Resource Center, Inc. (WFRC) was established as a non-profit corporation in Winston-Salem, NC during 1991. WFRC's purpose is to assess the child care needs in the area and to improve the availability of quality child care. WFRC provides parent counseling and referrals; recruitment, training and technical assistance for providers; and publications which include a monthly newsletter. In addition, WFRC maintains a resource library for parents and providers; participates in public awareness and advocacy efforts on behalf of children and parents; and offers workplace seminars. Services are provided in six counties - Forsyth, Stokes, Yadkin, Davie, Surry, and Davidson. WFRC receives state and federal government funding, as well as private contributions. In addition, WFRC generates revenue through contracts with local companies by providing various child care services to employees as part of the companies' employee assistance programs.

WFRC has contracted with the North Carolina Department of Human Resources, Division of Child Development on several occasions to receive state and federal funding in Forsyth and Davidson counties. The following is a summary of contracts between WFRC and the Division of Child Development:

OVERVIEW (CONTINUED)

FORSYTH COUNTY

◆ Contract 0276 - WFRC contracted to receive Child Care and Development Block Grant funds for WFRC's Child Care Resource and Referral Services provided in Forsyth County. The contract allowed WFRC to receive an amount not to exceed \$40,000.00 during the period October 1, 1993 - September 30, 1994. WFRC received \$40,000.00 from this contract.

◆ Contract 1422 - WFRC contracted to receive Child Care and Development Block Grant funds for WFRC's Child Care Resource and Referral Services provided in Forsyth County. The contract allowed WFRC to receive an amount not to exceed \$40,000.00 during the period October 1, 1994 - September 30, 1995. WFRC received \$40,000.00 from this contract.

◆ Contract 1858 - WFRC contracted to receive Smart Start funds for WFRC's Child Care Resource and Referral Services and to administer Smart Start grants in Forsyth County. The contract, after several amendments, was effective during the period January 1, 1995 - June 30, 1996 and allowed WFRC to receive an amount not to exceed \$867,125.00. WFRC has received \$867,125.00 from this contract.

OVERVIEW (CONTINUED)

◆ Contract 1645 - WFRC contracted to be responsible for administering travel reimbursement of subsistence expenses for Smart Start County delegates attending four collaboration conferences during the period October 1994 through April 1995. The total amount of this contract was not to exceed \$8,719.68 during the period October 2, 1994 - June 30, 1995. WFRC received \$8,719.68 from this contract.

DAVIDSON COUNTY

◆ Contract 0700 - WFRC contracted on March 25, 1994 to receive Smart Start funds for WFRC's Child Care Resource and Referral Services and administer Smart Start programs in Davidson County. The contract, after several amendments, was effective during the period September 27, 1993 - June 30, 1995 with an amount not to exceed \$1,464,000.00. WFRC received \$1,464,000.00 from this contract.

◆ Contract 0939 - WFRC contracted to receive Smart Start funds to defray the cost of its Phase II Smart Start Needs and Resources Assessment in Davidson County. The contract after one amendment, allowed WFRC to receive an amount not to exceed \$19,000.00 during the period March 1, 1994 - September 30, 1994. Actual amount of funds received by WFRC from this contract was \$14,250.00.

OVERVIEW (CONCLUDED)

◆ Contract 3163 - WFRC has an interim arrangement to receive Smart Start funds in an amount not to exceed \$220,000.00 until the contract has been completed. As of the writing of this report, WFRC has received \$131,226.00 from this contract.

Cathie Fritts, the former Director of Davidson County Child Care Resource and Referral Services (part of WFRC), was the Administrator for WFRC on Contract 0700. Donna Lambeth, WFRC's Executive Director, was the Administrator for WFRC on all other above mentioned contracts.

In addition to having its headquarters in Winston-Salem, NC (Forsyth County), WFRC also operates an office in Lexington, NC (Davidson County) and used to have an office in Danbury, NC (Stokes County).

INTRODUCTION

During August 1995, we received allegations through the State Auditor's Hotline regarding Work/Family Resource Center, Inc. (WFRC). The Executive Director of WFRC initiated the process by contacting the Director of the Internal Audit Division with the North Carolina Department of Human Resources who in turn relayed the information to the State Auditor's office. The allegations concerned the possible misuse of Smart Start funds by employees of WFRC.

On August 22, 1994, Mr. David Robbins was hired as the Finance Director of WFRC and assigned to work in the Winston-Salem office. Mr. Robbins was responsible for the financial transactions of WFRC including the preparation of computer-generated checks from WFRC's two checking accounts (Wachovia and Lexington State Bank), completing deposit slips, and the reconciliations of WFRC's accounts. Mr. Robbins also made bank deposits and transfers between accounts.

According to WFRC's Executive Director, Ms. Donna Lambeth, salaries, travel reimbursements, and other operating expenses incurred by the Forsyth County and Davidson County offices should have been paid from the Wachovia checking account; checks to approved recipients receiving Smart Start funds in Davidson County should have been paid from the Lexington State Bank checking account. Ms. Lambeth was authorized to sign the checks from the Wachovia checking account if the amount of the check was \$500 or less; any check over \$500 required a second signature.

INTRODUCTION (CONTINUED)

Ms. Cathie Fritts, the former Director of Davidson County Child Care Resource and Referral Services, was authorized to sign checks from the Lexington State Bank checking account if the amount of the check was \$500 or less; any check over \$500 required a second signature. Ms. Lambeth stated that she reviewed supporting documentation such as invoices and receipts prior to signing checks from the Wachovia checking account. In addition, she stated that Ms. Fritts had been instructed to review all supporting documentation prior to signing checks from the Lexington State Bank checking account. The majority of deposits made into the Lexington State Bank checking account consisted of Smart Start funds.

On Tuesday, July 25, 1995, the Assistant to the Finance Director showed to Ms. Lambeth eight checks, each in the amount of \$500. Each check had the same date, listed David Robbins as the payee, and was signed by Ms. Fritts. According to Ms. Lambeth, Mr. Robbins was scheduled to receive a written warning for his unsatisfactory job performance during this period. Ms. Lambeth had made inquiries to the Finance Director's Assistant which resulted in the detection of these questionable checks. Since Mr. Robbins was not at work that day, Ms. Lambeth questioned Ms. Fritts about the checks, without receiving a satisfactory explanation. Ms. Lambeth met with WFRC's Board President that evening, and it was decided to instruct Mr. Robbins the following day to stay away from WFRC's facilities until an audit had been completed by an accounting firm.

INTRODUCTION (CONTINUED)

According to Ms. Lambeth, on Wednesday, July 26, 1995, she met with Mr. Robbins in the Winston-Salem office and questioned him about the checks written to him. Mr. Robbins, as was the case with Ms. Fritts, did not provide a satisfactory explanation for the checks. Ms. Lambeth instructed Mr. Robbins to retrieve all documents related to the Lexington State Bank checking account from the Lexington office and to return the documents to Winston-Salem. Ms. Lambeth stated that Ms. Fritts, who was assigned to work in the Lexington office, told her that Mr. Robbins had retrieved records from the office that afternoon. However, Mr. Robbins did not return to WFRC's Winston-Salem office that day. On July 27, 1995, Ms. Lambeth mailed a certified letter to Mr. Robbins requesting the return of any WFRC's documents in his possession. Mr. Robbins never returned the documents. Ms. Lambeth met with a police officer from the Winston-Salem Police Department on Friday, July 28, 1995, and reported the events that had occurred.

The Office of the State Auditor began its special review of WFRC records on August 3, 1995. On August 7, 1995, the State Bureau of Investigation initiated an investigation. On August 11, 1995, after repeated attempts to locate Mr. Robbins failed, the State Bureau of Investigation issued four warrants for the arrest of Mr. Robbins. These outstanding arrest warrants were issued for the following offenses:

- ◆ Embezzlement of \$21,000 during the period March 2, 1995 - March 31, 1995
- ◆ Embezzlement of \$26,000 during the period April 5, 1995 - April 26, 1995
- ◆ Embezzlement of \$14,000 during the period May 2, 1995 - May 30, 1995
- ◆ Embezzlement of \$17,000 during the period June 1, 1995 - June 28, 1995

INTRODUCTION (CONTINUED)

A search warrant was issued and executed by the State Bureau of Investigation for Mr. Robbins' Mitsubishi Eclipse on August 23, 1995 after the vehicle was located in Whitsett, NC. The vehicle appeared to have been abandoned. In addition, a second search warrant was issued for Mr. Robbins' apartment on September 5, 1995. Records pertaining to WFRC were retrieved from both the vehicle and the apartment. However, as of the date of this report, Mr. Robbins has not been apprehended.

According to Ms. Lambeth, Mr. Robbins and Ms. Fritts were mailed certified letters dated July 31, 1995 stating that they had been suspended without pay until the completion of an investigation of possible financial irregularities. On August 10, 1995, another certified letter was mailed to each one advising them that effective July 31, 1995, they had been terminated by WFRC. The letters mailed to Mr. Robbins were returned to WFRC without being opened. In addition, Wendy Fritts, Ms. Fritts' daughter and a former WFRC Resource Counselor working in the Lexington office, was placed on administrative leave following July 31, 1995 and received her final paycheck from WFRC for the period ended August 4, 1995. On August 23, 1995, a WFRC employee was transferred to the position of the Director of Davidson County Child Care Resource and Referral Services.

The following procedures were used to conduct our special review:

1. Interviews with employees of WFRC.
2. Interviews with individuals external to WFRC.
3. Examination of contracts between WFRC and the North Carolina Department of Human Resources, Division of Child Development.
4. Reconstruction of check registers.
5. Examination of records pertaining to WFRC.
6. Examination of child care providers' files and visits to various child facilities.

INTRODUCTION (CONCLUDED)

This report presents the results of a special review conducted pursuant to G.S. §147-64.6(c)(16) rather than an annual financial audit. WFRC contracts annually with a private accounting firm to perform a financial audit.

FINDINGS AND RECOMMENDATIONS

1. TWO-HUNDRED THIRTY-NINE CHECKS TOTALING \$124,267.58 WERE WRITTEN TO DAVID ROBBINS DURING AN EIGHT MONTH PERIOD.

We reviewed all checks that cleared from WFRC's Lexington State Bank and Wachovia checking accounts during the period September 1, 1994 through July 31, 1995. The checks written from the Wachovia checking account included salary payments and travel reimbursements. Each one of these checks was signed by Donna Lambeth and/or an authorized member from WFRC's Board of Directors. According to Ms. Lambeth, she only signed checks that were supported by adequate documentation. The WFRC's Board President, whose sole signature appeared on several checks, stated that he signed checks in Ms. Lambeth's absence, assured by Mr. Robbins that Ms. Lambeth had the supporting documentation and would be signing the checks.

During our review of checks that cleared from the Lexington State Bank, we identified 239 checks written to David Robbins, totaling \$124,267.58 (See Exhibit B), in which supporting documentation could not be located. The signature on all of these checks was Cathie Fritts. Of the 239 checks, 219 checks were each written for \$500.00. According to Ms. Lambeth, she did not know these checks had been written.

According to Ms. Fritts, she signed all checks Mr. Robbins brought to her without reviewing supporting documentation and normally without looking to see the names of the payees on the checks. According to Ms. Fritts, Mr. Robbins told her that some of the

FINDINGS AND RECOMMENDATIONS (CONTINUED)

checks written to him were legitimate reimbursement expenses; however, he also told Ms. Fritts he was going to use WFRC's Smart Start funds to purchase furniture, equipment, and other supplies for the start up of his own business. Ms. Fritts stated that Mr. Robbins told her that he wanted all the Smart Start funds disbursed before fiscal year end, because any unexpended funds would revert back to the state. Ms. Fritts said she never discussed the checks she signed for Mr. Robbins with Donna Lambeth.

RECOMMENDATION

We recommend that WFRC take whatever action deemed necessary to recoup the \$124,267.58 in checks written to David Robbins. In addition, we recommend that the Executive Director of WFRC periodically review WFRC's canceled checks and bank reconciliations, and instruct all individuals authorized to sign checks to review supporting documentation prior to signing checks.

2. CATHIE FRITTS SIGNED 118 CHECKS TOTALING \$60,514.23 THAT WERE PAYABLE TO HERSELF DURING A SIX MONTH PERIOD.

During our review of the checks written from the Lexington State Bank account, we identified 118 checks written to Cathie Fritts totaling \$60,514.23 (See Exhibit C). All of these checks were signed by Cathie Fritts. Out of the 118 checks, one check was in the amount of \$164.23; one check was in the amount of \$850.00; one check was in the

FINDINGS AND RECOMMENDATIONS (CONTINUED)

amount of \$2,000.00; and 115 checks were each in the amount of \$500.00. We were unable to locate any supporting documentation for any of these checks. According to Ms. Lambeth, she did not know these checks had been written. According to Ms. Fritts, the \$850.00 check was used to pay for registration fees, parking, meals, and mileage for a conference in which she and several other WFRC employees were authorized to attend. Ms. Fritts stated that she left all receipts in a box to be picked up by Mr. Robbins. The \$2,000.00 check was reimbursement to Ms. Fritts for a personal check she had previously written to a child care provider. Ms. Fritts stated that the child care provider, who had been authorized to receive Quality Enhancement funds, had contacted her and requested funds to pay operating expenses. Since the provider needed the money immediately, Ms. Fritts wrote a personal check for \$2,000.00 to the provider and received reimbursement from WFRC. The child care provider confirmed that Ms. Fritts gave her a \$2,000.00 personal check after she had requested additional funds. In addition, Ms. Fritts stated that approximately \$2,500.00 of the checks written to her were for travel expenses incurred during the period March 1995 through June 1995. According to Ms. Fritts, she gave all receipts related to these expenses to Mr. Robbins.

Ms. Fritts stated that some of the remaining checks may have been reimbursements for purchases she made for WFRC with her own money. However, the majority of those checks were payments to her for consulting services she provided to Mr. Robbins.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

According to Ms. Fritts, Mr. Robbins was in the process of starting his own business and wanted Ms. Fritts to advise him on child care issues. Ms. Fritts stated that since WFRC's Smart Start funds had to be spent by June 30, 1995 or be returned to the NC Department of Human Resources, Mr. Robbins told her that they could use these funds to pay her in advance for the consulting services she would provide during the following fiscal year. Ms. Fritts stated that she did not know the name of Mr. Robbins' company. In addition, she stated that she had not signed a contract to provide services for Mr. Robbins, nor had she provided any invoices to Mr. Robbins for services rendered. Ms. Fritts stated that she had never worked as a consultant before, so she allowed Mr. Robbins to determine the amount of her pay.

RECOMMENDATION

We recommend that WFRC take whatever action deemed necessary to recoup the \$60,514.23 in checks written to Cathie Fritts.

3. CATHIE FRITTS SIGNED AND CASHED SIX CHECKS TOTALING \$1,750.00 THAT SHE CAN NOT ADEQUATELY SUPPORT.

Cathie Fritts signed, endorsed, and cashed four checks that were made payable to cash. The four checks totaled \$1,150.00. One additional check in the amount of \$500.00 was written to cash without any endorsement, and one check in the amount of \$100.00 did not list a payee nor was it endorsed (See Exhibit D). The signature on all six of the checks was Cathie Fritts. Ms. Fritts stated that the checks written to cash were reimbursements

FINDINGS AND RECOMMENDATIONS (CONTINUED)

for expenses she had incurred on behalf of WFRC. She stated that she left all the receipts supporting the purchases in David Robbins' box to be picked up by him. WFRC was unable to locate the receipts.

RECOMMENDATION

We recommend that WFRC take whatever action deemed necessary to collect the \$1,750.00 in questionable checks signed and cashed by Cathie Fritts.

4. DAVID ROBBINS AND CATHIE FRITTS PURCHASED PERSONAL ITEMS TOTALING \$2,132.58 WITH WFRC FUNDS.

According to information obtained from a Lexington vendor, a stackable washer and dryer unit was delivered to WFRC's Lexington office on June 8, 1995. The invoice indicates that Cathie Fritts had ordered the unit and paid for the purchase with three WFRC checks totaling \$1,058.94. However, we were unable to locate the washer and dryer in the Lexington office. The checks used to pay for the unit were written from the Lexington State Bank checking account and were all signed by Cathie Fritts. According to Ms. Fritts, the room at the office originally designated for the washer and dryer could not accommodate the unit, so she purchased the washer and dryer unit from WFRC for \$800.00 cash. Ms. Fritts stated that she gave the \$800.00 to David Robbins and had the unit moved to her house. We were unable to trace an \$800.00 deposit to WFRC's Lexington State Bank checking account. In addition, WFRC paid the vendor \$1,058.94 for the washer and dryer, not \$800.00.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Ms. Fritts also ordered a refrigerator and an air conditioner from the same vendor, which were delivered to the Lexington office on May 31, 1995. One check from the Lexington State Bank checking account in the amount of \$1,073.64, signed by Cathie Fritts, was used to pay for these two items. According to Ms. Fritts, Mr. Robbins had asked her to purchase the air conditioner for his apartment with WFRC's funds, indicating that he would reimburse WFRC later. However, we have been unable to verify that Mr. Robbins reimbursed WFRC for the cost of the air conditioner. The refrigerator, according to information obtained from the vendor, was returned by Mr. Robbins on June 1, 1995 in exchange for a refrigerator with an ice maker. The difference in the prices of the two refrigerators was paid by Mr. Robbins with a personal check. The State Bureau of Investigation located the air conditioner in David Robbins' apartment. As of the writing of this report, the refrigerator has not been located.

In addition, Ms. Fritts ordered a \$426.94 rug from another vendor during April 1995. The rug was shipped to the daughter of a friend. According to the retail showroom manager (manager) who took Ms. Fritts' order, Ms. Fritts requested that a rug be shipped to an out-of-state address and that WFRC be billed for the purchase. The manager stated that when he asked Ms. Fritts how she wanted to pay for the rug, she told him to "go ahead bill Work/Family Resource Center" and she would "work it out with David." According to Ms. Fritts, she did instruct the manager to charge WFRC for the rug.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

However, she stated that several days after the rug was shipped, she paid Mr. Robbins \$300.00 cash for the rug. Bank records did not show a corresponding deposit to WFRC's Lexington State Bank checking account. Donna Lambeth stated that WFRC has not paid for the rug and has instructed the vendor to forward the bill.

RECOMMENDATION

We recommend that WFRC take whatever action deemed necessary to collect the \$2,132.58 spent to purchase the washer and dryer, air conditioner, and refrigerator.

5. WFRC PAID FOR MAJOR RENOVATIONS COMPLETED ON A HOUSE RENTED BY WFRC AND THE RENT ON DAVID ROBBINS' APARTMENT.

During October 1994, WFRC entered into an agreement to rent a house in Lexington, NC (Davidson County) to be used as WFRC's Lexington office. The lease was for the period October 15, 1994 through October 14, 1995. The written lease specified that the rent would be \$600.00 per month, beginning on December 1, 1994. During the period October 15, 1994 through November 30, 1994, WFRC would pay \$900.00 in rent. The lease agreement was signed by Donna Lambeth. The house is located behind an inn which is owned and operated by the landlord.

During our review of the checks written to this landlord during the period October 1994 through July 1995, we identified several questionable checks. In addition to the rent payments which were specified in the lease agreement (\$600.00 per month), twelve

FINDINGS AND RECOMMENDATIONS (CONTINUED)

additional checks were written to the landlord. Each of these questionable checks was signed by Cathie Fritts and all were endorsed by the landlord.

According to the landlord, the rent for the house increased when WFRC began using two rooms located on the first floor of the house. Although the lease agreement states that the landlord “agrees to rent to Work/Family Resource Center (Lessee) a house located at 308-F East Center Street, Lexington, NC 27292,” the landlord claims that the use of the two rooms was not included in the \$600.00 per month rental payment. The amount paid for the additional rooms totaled \$1,300.00. According to the landlord, she dealt exclusively with David Robbins while negotiating the lease agreement. The landlord stated that Mr. Robbins prepared the written lease agreement and delivered it to her with Donna Lambeth’s signature. According to the landlord, Mr. Robbins later agreed to increase the rent by \$200.00 per month for the use of two additional rooms. Donna Lambeth stated that she did not know about the rent increase nor did she approve it. In addition to paying the landlord the additional \$1,300.00 in rent, David Robbins used WFRC’s funds to rent himself an apartment from the landlord. According to the landlord, Mr. Robbins began renting an apartment from her during May 1995. Three WFRC checks were written to the landlord for \$500.00 each and were signed by Cathie Fritts. Ms. Fritts stated that she did not realize that any of the checks she signed were used to pay Mr. Robbins’ rent. In addition, two other checks totaling \$725.86 were written to the landlord in April and

FINDINGS AND RECOMMENDATIONS (CONTINUED)

June 1995. According to the landlord, these checks paid for a suite in her inn rented on two separate occasions for a one week period. The landlord stated that Ms. Fritts stayed in the suites during these weeks.

In addition, we identified at least \$27,698.19 of funds from WFRC's Lexington State Bank checking account which were spent by WFRC on the renovations of the rented house in Lexington. The renovations included electrical and plumbing repairs, and the restoration of the ceilings, walls, doors, and floors. WFRC only had a one year lease on the house. Ms. Lambeth stated that she was not aware of the extent to which the renovations cost.

RECOMMENDATION

We recommend that the Executive Director of WFRC be directly involved in any future negotiations of lease agreements involving WFRC. In addition, WFRC should consider the expense of major renovations and the time it would take to recover the investment prior to leasing space for an office. We also recommend that WFRC take whatever action deemed necessary to recover the \$2,225.86 (\$1,500 and \$725.86) spent on Mr. Robbins' apartment and the suite at the inn.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

6. QUESTIONABLE CHECKS TOTALING \$3,113.73 WERE PAID TO WENDY FRITTS.

During our review of checks that cleared the Lexington State Bank and Wachovia checking accounts during the period September 1, 1994 through July 31, 1995, we identified numerous questionable checks written to Wendy Fritts, a former Resource Counselor in Davidson County. Wendy Fritts, who is the daughter of Cathie Fritts, started as a temporary employee with WFRC and became a permanent employee on October 17, 1994. Wendy Fritts worked in the Lexington office, reporting directly to her mother.

We identified the following questionable checks from the Lexington State Bank checking account written to Wendy Fritts:

<u>Check Number</u>	<u>Date of Check</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>
1299	1/27/95	\$ 100.00	Cathie Fritts	Wendy Fritts
1384	2/14/95	62.39	Cathie Fritts	Stamped: Credited to Account of the Within Named Payee
1385	2/15/95	100.00	Cathie Fritts	Wendy Fritts
1404	2/19/95	320.00	Cathie Fritts	Wendy Fritts
1469	3/13/95	500.00	Cathie Fritts	Wendy Fritts
1512	3/21/95	150.00	Cathie Fritts	Wendy Fritts
1513	3/27/95	100.00	Cathie Fritts	Wendy Fritts
1566	4/05/95	200.00	Cathie Fritts	Wendy Fritts
1589	4/24/95	500.00	Cathie Fritts	Wendy Fritts
1876	6/06/95	500.00	Cathie Fritts	Wendy Fritts
2022	no date	400.00	Cathie Fritts	Wendy Fritts
2103	7/16/95	181.34	Cathie Fritts	Wendy Fritts
		<u>\$ 3,113.73</u>		

FINDINGS AND RECOMMENDATIONS (CONTINUED)

We were unable to locate any supporting documentation for any of these twelve checks. According to Wendy Fritts, the three \$500.00 checks written to her were salary advances. Wendy Fritts stated that she requested the salary advances from her mother, Cathie Fritts, and that Cathie Fritts wrote her the three checks. She said that she repaid each advance by giving her mother her endorsed pay check that followed each advance. During this period, Wendy Fritts' bimonthly take home salary was \$535.07. Wendy Fritts stated that she received \$35.07 in cash (the difference between her bimonthly salary and her salary advance) from Cathie Fritts each time she repaid the advance. Wendy Fritts stated that the \$62.39 and \$181.34 checks were reimbursements for mileage or purchases made for WFRC with her own money. The remaining checks were written to her by Cathie Fritts so that she could purchase needed office supplies for WFRC. Wendy Fritts stated that she gave the change remaining from the purchases, along with the receipts, to Cathie Fritts.

We were unable to identify any deposits into the Lexington State Bank checking account which included reimbursements of salary advances made by Wendy Fritts. According to Cathie Fritts, she only recalled one salary advance to her daughter. Cathie Fritts stated that Wendy Fritts had requested the salary advance from her because David Robbins was late giving Wendy Fritts her paycheck. Cathie Fritts stated that Wendy Fritts gave her an endorsed paycheck to cover the salary advance, and she gave the check or cash to David Robbins. We examined Wendy Fritts' canceled paychecks and found one paycheck, dated June 7, 1995, endorsed by both Wendy Fritts and Cathie Fritts.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

We identified seven checks, other than salary payments, written to Wendy Fritts from the Wachovia checking account during the period September 1, 1994 through July 31, 1995. The authorized signature on all of the checks was Donna Lambeth. WFRC was only able to locate receipts supporting one of these checks. However, according to Ms. Lambeth, the Assistant to the Finance Director was responsible for obtaining receipts and/or other supporting documentation prior to preparing a check from the Wachovia checking account. Once a check was written, the Assistant to the Finance Director presented the check to Ms. Lambeth for her signature. Ms. Lambeth stated she reviewed supporting documentation prior to signing the checks.

During our interview with Wendy Fritts, she identified one Wachovia check that included a \$27.56 reimbursement for lunch purchased for several WFRC's employees and Dr. Rose Odum, the Executive Director of Davidson County Smart Start, Inc. According to Wendy Fritts, the lunch was a birthday surprise for Dr. Odum. Dr. Odum stated that she recalled Wendy Fritts bringing lunch to her office on her birthday. However, she was not aware that Wendy Fritts had received reimbursement from WFRC for the meal. Another Wachovia check in the amount of \$150.00 was identified by Wendy Fritts as payment to her for two tables, two chairs, and two benches she sold to WFRC. Wendy Fritts stated that David Robbins and Cathie Fritts told her they would purchase these items from her for \$150.00 for WFRC's Lexington office. Wendy Fritts stated that the remaining

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Wachovia checks were reimbursements for travel and purchases made for WFRC with her personal funds.

RECOMMENDATION

We recommend that WFRC take whatever action deemed necessary to recover the amount of questionable checks (\$3,113.73) written to Wendy Fritts which were signed by Cathie Fritts and the \$27.56 reimbursed to Wendy Fritts for the birthday luncheon.

7. WE IDENTIFIED INSTANCES OF INAPPROPRIATE USE OF SMART START FUNDS IN DAVIDSON COUNTY.

We selected for review twenty child care facilities located in Davidson County that received Smart Start funds through WFRC. These child care providers (providers) requested Smart Start funds from WFRC in the following forms:

- ◆ Expand Child Care to More Families (Slot Grants) - provide funding to current and potential providers in order to increase the access and availability of child care to families.
- ◆ Emergency Day Care Funds - provide funding for child care for pre-school age children on a short term basis for families facing emergency financial hardships.
- ◆ Quality Enhancement Grants - provide funding for ongoing training and technical assistance to providers in order to upgrade the quality and standards of the child care facilities and programs.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

An application was required to be completed by providers requesting Slot Grants and/or Quality Enhancement Grants. Emergency Day Care Funds could have been requested by a letter or application from the provider or a parent of the child. Applications and any other supporting documentation located at WFRC were reviewed for these twenty child care providers. We also visited these facilities; reviewed invoices, receipts, or other supporting documentation to verify that the funds were spent appropriately; and physically viewed the purchases or improvements made to the facilities.

During our review, we identified the following findings:

- ◆ Documentation could not be located at WFRC concerning a check written to a provider in the amount of \$741.88. According to the provider, this request was for Emergency Day Care Funds; however, the provider could not remember which family had been approved for the grant.

- ◆ A check in the amount of \$10,000.00, dated May 23, 1995, and signed by Donna Lambeth, was mailed to a provider without the provider requesting the funds. According to the provider, Cathie Fritts insinuated that this type of child care was in high demand in the area. However, after a visit from Ms. Fritts, the provider was instructed by Ms. Fritts not to spend the money until contacted later. As of the writing of this report, the funds still have not been spent by the provider.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

- ◆ Two checks, each signed by Donna Lambeth and Cathie Fritts, included Emergency Day Care Funds used to pay the child care for the daughter of Connie Sizemore, WFRC's former Substitute Program Coordinator in Davidson County. A total of \$450.00 was paid to the provider for the employee's daughter.

- ◆ One provider received a total of \$52,000 in Smart Start funds from WFRC during the period October 1994 through July 1995. Other than a Slot Grant application for \$30,000, we were unable to locate any other applications authorizing the provider to receive any other Smart Start funds. According to the President of the child care facility (President), when she needed funds to pay any type of expense, such as major renovations to the leased building, payroll, and utilities, she would telephone Cathie Fritts and request the needed amount. The President stated that she always told Cathie Fritts the type of expenses that needed to be paid. In addition, Ms. Fritts wrote a \$2,000.00 check during May 1995 from her personal account to the President when funds were requested. The President stated she informed Dr. Rose Odum, Executive Director of Davidson County Smart Start, Inc., of the personal check. According to the President, Dr. Odum commented that she knew Cathie Fritts had a big heart, but didn't realize she was rich; she also stated that she wondered why Ms. Fritts would write a personal check when there was plenty of Quality Enhancement funds. The President stated that Dr. Odum had told her that she wanted to schedule a meeting with Cathie Fritts, David Robbins, the

FINDINGS AND RECOMMENDATIONS (CONTINUED)

President, and herself to discuss the personal check, but the President never met with the others. According to Dr. Odum, she recalled the President telling her about the check written by Cathie Fritts; however, she remembered the amount being \$200.00.

According to Cathie Fritts, the \$2,000.00 check, dated May 12, 1995, written from WFRC's Lexington State Bank checking account to her was reimbursement for the personal check she wrote to the President. According to Donna Lambeth, the lease on the building the President was using for the child care facility was not renewed. On September 29, 1995, the President closed the facility.

◆ We were unable to locate applications or other documentation from WFRC concerning seven families who qualified for Emergency Day Care Funds. However, based on information obtained from the providers, the requirements to receive Emergency Day Care Funds were met.

In addition, we reviewed all other Emergency Day Care Fund applications or letters located at the Lexington office which were approved and payments were made to providers during the period September 1994 through July 1995. During this period, at least ten providers received Emergency Day Care Funds for families who were not qualified to receive Smart Start funds. A total of \$2,681.85 in Emergency Day Care Funds were spent on children who were not of pre-school age. Included in this amount

FINDINGS AND RECOMMENDATIONS (CONTINUED)

was a check in the amount of \$45.00, dated June 7, 1995, paid to the YMCA in Lexington. According to the YMCA, the \$45.00 was used to pay the registration fees for three sons of Cynthia Pickett, WFRC's Receptionist in Lexington. The ages of her sons were eight, nine, and eleven years.

RECOMMENDATION

We recommend that WFRC maintain adequate records to document the manner in which Smart Start funds are spent. In addition, WFRC should ensure that all minimum qualifications have been met prior to authorizing the use of Smart Start funds. We also recommend that any unauthorized funds located at any of the day care providers, such as the \$10,000.00 check written on May 23, 1995, be recovered by WFRC.

8. DAVID ROBBINS DID NOT PROPERLY RECORD CHECKS IN THE CHECK REGISTER.

During our review of the check register prepared by David Robbins for the Lexington State Bank checking account, we identified six hundred forty three (643) canceled checks written between August 1, 1994 through July 31, 1995 which were not correctly recorded on the check register. These checks, which totaled \$651,515.91, were either not listed on the check register or were recorded as being written to a different payee than the actual check. Two hundred twenty (220) of these checks were written to David Robbins, totaling \$117,368.14; one hundred twenty four (124) checks were either written to and/or

FINDINGS AND RECOMMENDATIONS (CONTINUED)

endorsed by Cathie Fritts, totaling \$62,264.23; and nine checks were written to Wendy Fritts, totaling \$2,631.34. In addition, a check in the amount of \$150.00 was written to Connie Sizemore, WFRC's former Substitute Program Coordinator in Davidson County; a check in the amount of \$60.00 was written to Cash and endorsed by Cynthia Pickett, another WFRC employee working in the Lexington office; one check in the amount of \$100.00 was written to JJ&S Movers; one check in the amount of \$45.00 was written to ST&J Moving; and one check in the amount of \$200.00 was written to W H & W J Moving Co.

According to Connie Sizemore, the check written to her was used to purchase items for WFRC, and the receipts were given to David Robbins. Cynthia Pickett also stated that the check she endorsed for \$60.00 was used to purchase miscellaneous items for WFRC. We were unable to locate any receipts or other supporting documentation for these checks.

According to Cathie Fritts, the checks written to JJ&S Movers and ST&J Moving were payments to her son and his friends for moving furniture in the Lexington office. The check written to W H & W J Moving Co. was payment to Wendy Fritts and her friend for cleaning the conference room in the Lexington office. Cathie Fritts stated that she did not want to list either one of her children as the payee because she did not want Donna Lambeth nor anyone from the NC Department of Human Resources questioning her about the payments. Cathie Fritts said she did not want to be accused of violating the nepotism policy by paying her children for services they provided to WFRC.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION

We recommend that WFRC's Executive Director periodically review WFRC's canceled checks and check register.

9. WE DETERMINED THAT SMART START FUNDS WERE NOT USED IN THE DESIGNATED COUNTIES.

Based on our review of checks written from the Wachovia and Lexington State Bank checking accounts, child care providers in Forsyth County received Smart Start funds from WFRC with checks written from the Wachovia checking account; child care providers in Davidson County received Smart Start funds from WFRC with checks written from the Lexington State Bank (LSB) checking account. According to Donna Lambeth, David Robbins was instructed to deposit Smart Start funds designated for use in Forsyth County into the Wachovia checking account and Smart Start funds designated for use in Davidson County into the LSB checking account. However, on May 25, 1995, a deposit of \$507,750.00 of Smart Start funds designated for use in Forsyth County was deposited into the LSB checking account. Donna Lambeth stated that David Robbins made this deposit without her knowledge. Following the deposit, checks were written from this account to provide grants to child care providers in Davidson County. In addition, other questionable and/or unauthorized checks (discussed in previous findings) were written, including several to David Robbins and Cathie Fritts.

According to Donna Lambeth, David Robbins told her the Smart Start funds for Forsyth County were late in arriving to WFRC. Ms. Lambeth stated that she was not aware that

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Mr. Robbins had received the \$507,750.00 and had made the deposit on May 25, 1995 to the LSB checking account.

The NC Department of Human Resources mailed a check in the amount of \$321,808.98, dated June 30, 1995, to WFRC. This check consisted of Smart Start funds designated for use in Davidson County. However, on July 7, 1995, Mr. Robbins deposited \$321,308.98 of these funds into the Wachovia checking account, instead of the LSB account. We were unable to locate the \$500.00 difference between the total amount of the check (\$321,808.98) and the amount deposited (\$321,308.98). According to Donna Lambeth, David Robbins also made this deposit without her knowledge.

In addition to reviewing all deposits into WFRC's accounts, we also reviewed the transfers between the accounts during the period September 1, 1994 through June 30, 1995. During this period, a net amount of \$315,616.87 was transferred from the LSB checking account into the Wachovia checking account, and \$98,000.00 was transferred from the Wachovia savings account into the Wachovia checking account. According to Donna Lambeth, only private donations should have been deposited into the Wachovia savings account. These deposits were made by David Robbins.

RECOMMENDATION

We recommend that the Smart Start funds be used in the counties for which they are designated.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

10. LACK OF SEGREGATION OF DUTIES AND SUPPORTING DOCUMENTATION.

According to Donna Lambeth, David Robbins was responsible for printing the computer generated checks from both the Wachovia and Lexington State Bank checking accounts; Donna Lambeth was responsible for signing checks written from the Wachovia checking account; and Cathie Fritts was responsible for signing the checks written from the Lexington State Bank checking account. However, approximately 252 checks from the 957 checks that cleared the Lexington State Bank checking account during the period September 1, 1994 through July 31, 1995 were handwritten and signed by Cathie Fritts. According to Cathie Fritts, David Robbins provided her with blank checks and instructed her to use them when needed to pay expenses incurred in the Lexington office.

In addition to preparing and printing checks, Mr. Robbins was also responsible for preparing the deposit slips, taking the deposits to the Lexington State Bank, and preparing the bank reconciliations for all of the accounts. Mr. Robbins usually took the deposits to the Wachovia Bank also. Donna Lambeth stated that she had not reviewed any bank reconciliations since December 1994.

We were unable to locate numerous invoices, receipts, or other supporting documentation for checks written from the Lexington State Bank checking account. According to Donna Lambeth, David Robbins was responsible for those records. In addition, several payees

FINDINGS AND RECOMMENDATIONS (CONTINUED)

listed on checks written from the Lexington State Bank checking account could not be identified by either Donna Lambeth nor Cathie Fritts. We were unable to determine the nature of several of these payments.

According to Donna Lambeth, WFRC's Board of Directors adopted a resolution effective August 15, 1995, establishing procedures as follows:

- ◆ The Executive Director be authorized to sign checks on all accounts for \$500 or less; that any check for more than \$500 be cosigned by a corporate officer of the agency;

- ◆ That checks be drawn by WFRC on only one day of the week unless there is an emergency; the Executive Director is authorized to determine what constitutes an emergency;

- ◆ That no check be signed without documentation attached which explains and confirms the obligation, including grants which may be "invoiced" within the agency for draw-down;

- ◆ That bank statements for Work/Family Resource Center be mailed directly to an outside auditor who will review the checks and come into the agency's office to reconcile with the computer record on a monthly basis;

- ◆ That the agency run a police record check and a credit check on the principal finance officer annually, at mid-year of the hire anniversary date.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

In addition, Donna Lambeth stated that the financial audit received in June 1995 for the year 1993 recommended that WFRC establish written Accounting Policies and Procedures.

RECOMMENDATION

We recommend that WFRC comply with the resolution adopted by WFRC's Board of Directors, as well as prepare written Accounting Policies and Procedures. In addition, we recommend that WFRC's Executive Director periodically review WFRC's bank reconciliations and canceled checks.

11. FOURTEEN CHECKS TOTALING \$11,500 WERE TURNED OVER TO THE STATE BUREAU OF INVESTIGATION BY CATHIE FRITTS.

The State Bureau of Investigation obtained fourteen checks from Cathie Fritts which had not been cashed nor deposited. All of the checks were written to and endorsed by Cathie Fritts. Ms. Fritts was also the authorizing signature for each check. Thirteen of the checks were written for \$500.00 each (dated between the period May 30, 1995 through July 5, 1995) and one check, without a date, was in the amount of \$5,000.00 (See Exhibit E).

According to Ms. Fritts, she had kept these checks in her dresser drawer at her house. Ms. Fritts stated that David Robbins had told her the \$5,000.00 check was payment for future services she would be providing to his company in the following fiscal year.

FINDINGS AND RECOMMENDATIONS (CONCLUDED)

However, she could not explain why she had not deposited nor cashed the checks. She did state that the \$5,000.00 check did not seem right.

RECOMMENDATION

We recommend that WFRC's Executive Director ensure that these checks are properly voided and the necessary adjustments are made to WFRC's accounting records.

[This Page Left Blank Intentionally]

Statement of Financial Impact

Exhibit A

The following schedule represents a quantification of the items examined during our special review. We cannot completely quantify the tangible benefits or detriment, if any, to the taxpayer resulting from the findings of our review. We are simply noting those areas where the system of internal controls were either circumvented or should be enhanced.

1. Checks written to David Robbins.	\$ 124,267.58
2. Checks written to Cathie Fritts.	60,514.23
3. Questionable checks signed by Cathie Fritts Without Adequate Support.	1,750.00
4. Questionable purchase of the washer and dryer.	1,058.94
5. Questionable purchase of the air conditioner and refrigerator.	1,073.64
6. Increased rental payments for the Lexington office.	1,300.00
7. Rental payments for David Robbins' apartment.	1,500.00
8. Rental payments for the suite used by Cathie Fritts.	725.86
9. Major renovations to the leased Lexington office.	27,698.19
10. Questionable checks written to Wendy Fritts.	3,113.73
11. Birthday luncheon for Rose Odum.	27.56
12. Inappropriate use of Smart Start funds used as Emergency Day Care Funds.	2,681.85
13. Smart Start funds designated for Forsyth County that were inappropriately transferred and spent in Davidson County.	186,441.02
14. The difference in the amount of Smart Start funds received and the amount deposited by David Robbins.	500.00
15. Checks written to Cathie Fritts which had not been cashed nor deposited.	<u>11,500.00</u>
Total Financial Impact	<u><u>\$ 424,152.60</u></u>

[This Page Left Blank Intentionally]

***Checks Written to David Robbins, Former
Finance Director***

Exhibit B

	Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check
1	1249	12/22/94	David L. Robbins	\$ 495.00	Cathie Fritts	David Robbins
2	1250	12/22/94	David L. Robbins	300.00	Cathie Fritts	David Robbins
3	1251	12/27/94	David L. Robbins	472.50	Cathie Fritts	David Robbins
4	1222	12/05/94	David L. Robbins	425.44	Cathie Fritts	David Robbins
5	1252	12/30/94	David L. Robbins	67.39	Cathie Fritts	David Robbins, FDO-Lowes Foods
6	1254	01/03/95	David L. Robbins	399.80	Cathie Fritts	David Robbins
7	1255	01/03/95	David L. Robbins	169.59	Cathie Fritts	David Robbins
8	1273	01/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
9	1274	01/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
10	1275	01/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
11	1276	01/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
12	1277	01/09/95	David L. Robbins	285.00	Cathie Fritts	David Robbins
13	1316	01/17/95	David L. Robbins	341.29	Cathie Fritts	David Robbins
14	1322	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
15	1323	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
16	1324	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
17	1325	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
18	1326	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
19	1327	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
20	1328	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
21	1329	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
22	1330	01/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
23	1331	01/23/95	David L. Robbins	495.00	Cathie Fritts	David Robbins
24	1357	02/03/95	David L. Robbins	336.20	Cathie Fritts	David Robbins
25	1362	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
26	1363	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
27	1364	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
28	1365	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
29	1366	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
30	1367	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
31	1368	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
32	1369	02/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
33	1370	02/08/95	David L. Robbins	495.00	Cathie Fritts	David Robbins
34	1375	02/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins

Exhibit B (continued)

Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check	
35	1376	02/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
36	1377	02/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
37	1378	02/09/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
38	1425	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
39	1426	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
40	1427	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
41	1428	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
42	1429	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
43	1430	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
44	1431	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
45	1432	02/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
46	1452	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
47	1453	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
48	1454	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
49	1455	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
50	1456	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
51	1457	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
52	1458	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
53	1459	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
54	1460	03/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
55	1474	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
56	1475	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
57	1476	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
58	1477	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
59	1478	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
60	1479	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
61	1480	03/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
62	1481	03/06/95	David L. Robbins	395.00	Cathie Fritts	David Robbins
63	1495	03/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
64	1496	03/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
65	1498	03/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
66	1501	03/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
67	1502	03/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
68	1503	03/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
69	1504	03/20/95	David L. Robbins	496.69	Cathie Fritts	David Robbins
70	1526	03/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
71	1527	03/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins

Exhibit B (continued)

Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check	
72	1528	03/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
73	1529	03/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
74	1530	03/23/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
75	1533	03/27/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
76	1534	03/27/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
77	1535	03/27/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
78	1536	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
79	1537	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
80	1538	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
81	1539	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
82	1540	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
83	1541	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
84	1542	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
85	1543	03/31/95	David L. Robbins	500.00	Cathie Fritts	James L. Webb, Jr.
86	1544	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
87	1545	03/31/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
88	1580	04/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
89	1581	04/05/95	David L. Robbins	500.00	Cathie Fritts	FDO-David Robbins
90	1582	04/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
91	1583	04/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
92	1584	04/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
93	1603	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
94	1604	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
95	1605	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
96	1606	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
97	1607	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
98	1608	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
99	1609	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
100	1610	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
101	1611	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
102	1612	04/07/95	David L. Robbins	500.00	Cathie Fritts	David Robbins, FDO-Lowes Foods
103	1614	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
104	1615	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
105	1616	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
106	1617	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
107	1618	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
108	1619	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins

Exhibit B (continued)

	Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check
109	1620	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
110	1621	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
111	1622	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
112	1623	04/18/95	David L. Robbins	500.00	Cathie Fritts	FDO-David Robbins
113	1624	04/18/95	David L. Robbins	500.00	Cathie Fritts	FDO-David Robbins
114	1625	04/18/95	David L. Robbins	500.00	Cathie Fritts	FDO-David Robbins
115	1626	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
116	1627	04/18/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
117	1628	04/18/95	David L. Robbins	500.00	Cathie Fritts	FDO-David Robbins
118	1644	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
119	1645	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
120	1646	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
121	1647	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
122	1648	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
123	1649	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
124	1650	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
125	1651	04/20/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
126	1652	04/20/95	David L. Robbins	295.00	Cathie Fritts	David Robbins
127	1667	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
128	1668	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
129	1669	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
130	1670	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
131	1671	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
132	1672	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
133	1673	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
134	1674	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
135	1675	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
136	1676	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
137	1677	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
138	1678	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
139	1679	04/26/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
140	1705	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
141	1706	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
142	1707	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
143	1708	05/02/95	David L. Robbins	500.00	Cathie Fritts	FDO-Kaplan School Supplies
144	1709	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
145	1710	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins

Exhibit B (continued)

Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check	
146	1711	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
147	1712	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
148	1713	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
149	1714	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
150	1715	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
151	1716	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
152	1717	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
153	1718	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
154	1719	05/02/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
155	1736	05/10/95	David L. Robbins	1,208.74	Cathie Fritts	David Robbins
156	1737	05/10/95	David L. Robbins	262.49	Cathie Fritts	David Robbins
157	1743	05/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
158	1744	05/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
159	1745	05/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
160	1746	05/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
161	1747	05/10/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
162	1769	05/12/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
163	1770	05/12/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
164	1771	05/12/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
165	1772	05/12/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
166	1776	05/19/95	David L. Robbins	5,000.00	Cathie Fritts	David Robbins
167	1857	05/24/95	David L. Robbins	2,500.00	Cathie Fritts	David Robbins
168	1861	05/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
169	1862	05/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
170	1863	05/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
171	1864	05/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
172	1865	05/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
173	1898	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
174	1899	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
175	1900	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
176	1901	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
177	1902	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
178	1903	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
179	1904	06/01/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
180	1918	06/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
181	1919	06/08/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
182	1920	06/08/95	David L. Robbins	327.45	Cathie Fritts	David Robbins

Exhibit B (continued)

Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check	
183	1959	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
184	1960	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
185	1961	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
186	1962	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
187	1963	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
188	1964	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
189	1965	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
190	1966	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
191	1967	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
192	1968	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
193	1969	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
194	1970	06/06/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
195	1985	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
196	1986	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
197	1987	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
198	1988	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
199	1989	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
200	1990	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
201	1991	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
202	1992	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
203	1993	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
204	1994	06/13/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
205	2006	06/28/95	David Robbins	500.00	Cathie Fritts	David Robbins
206	2029	06/19/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
207	2030	06/19/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
208	2031	06/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
209	2032	06/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
210	2033	06/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
211	2034	06/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
212	2035	06/30/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
213	2083	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
214	2084	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
215	2085	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
216	2086	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
217	2087	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
218	2088	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
219	2089	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins

Exhibit B (continued)

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
220	2090	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
221	2091	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
222	2092	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
223	2093	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
224	2094	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
225	2095	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
226	2096	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
227	2097	07/05/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
228	2108	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
229	2109	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
230	2110	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
231	2111	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
232	2112	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
233	2113	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
234	2116	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
235	2117	07/11/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
236	2119	07/16/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
237	2120	07/16/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
238	2121	07/16/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
239	2122	07/16/95	David L. Robbins	500.00	Cathie Fritts	David Robbins
		Total	<u>\$ 124,267.58</u>			

[This Page Left Blank Intentionally]

***Checks Written to Cathie Fritts, Former
Director of Davidson County Child Care
Resource and Referral Services***

Exhibit C

	Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check
1	1371	02/08/95	Cathie Fritts	\$ 500.00	Cathie Fritts	FDO-John R. Surratt, P.A., clients account
2	1372	02/08/95	Cathie Fritts	500.00	Cathie Fritts	FDO-John R. Surratt, P.A., clients account
3	1373	02/08/95	Cathie Fritts	500.00	Cathie Fritts	FDO-John R. Surratt, P.A., clients account
4	1374	02/08/95	Cathie Fritts	500.00	Cathie Fritts	FDO-John R. Surratt, P.A., clients account
5	1400	02/29/95	Cathie Fritts	500.00	Cathie Fritts	Stamped: Credited to the Account of the Within Named Payee
6	1408	02/29/95	Cathie Fritts	500.00	Cathie Fritts	Stamped: Credited to the Account of the Within Named Payee
7	1409	02/29/95	Cathie Fritts	500.00	Cathie Fritts	Stamped: Credited to the Account of the Within Named Payee
8	1417	02/20/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
9	1418	02/20/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
10	1419	02/20/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
11	1420	02/20/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
12	1421	02/20/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
13	1422	02/20/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
14	1423	02/20/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
15	1424	02/20/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
16	1447	03/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
17	1448	03/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
18	1449	03/02/95	Cathie Fritts	500.00	Cathie Fritts	For Deposit/Payment only
19	1450	03/02/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
20	1451	03/02/95	Cathie Fritts	500.00	Cathie Fritts	no endorsement
21	1493	03/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
22	1494	03/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
23	1497	03/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
24	1531	03/23/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
25	1532	03/23/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts

Exhibit C (continued)

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
26	1546	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
27	1547	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
28	1548	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
29	1549	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
30	1550	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
31	1551	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, John R. Surratt, P.A.
32	1552	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
33	1553	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
34	1554	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
35	1555	03/31/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
36	1593	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
37	1594	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
38	1595	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, Eve Wash
39	1596	04/07/95	Cathie Fritts	500.00	Cathie Fritts	not legible
40	1597	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
41	1598	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
42	1599	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
43	1600	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
44	1601	04/07/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
45	1602	04/07/95	Cathie Fritts	500.00	Cathie Fritts	David Robbins
46	1629	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
47	1630	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
48	1631	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
49	1632	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
50	1633	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.

Exhibit C (continued)

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
51	1634	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
52	1635	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
53	1636	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
54	1637	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
55	1638	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
56	1639	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
57	1640	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
58	1641	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
59	1642	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
60	1643	04/18/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, FDO-Thomasville Furniture Industries, Inc.
61	1690	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
62	1691	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
63	1692	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, Wendy Fritts
64	1693	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
65	1694	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
66	1695	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
67	1696	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
68	1697	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
69	1698	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
70	1699	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
71	1700	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc

Exhibit C (continued)

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
72	1701	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
73	1702	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
74	1703	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
75	1704	05/02/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts;FDO-M&L Motor Co, Inc
76	1738	05/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
77	1739	05/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
78	1740	05/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
79	1741	05/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
80	1742	05/10/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
81	1767	05/18/95	Cathie Fritts	850.00	Cathie Fritts	Cathie Fritts
82	1768	05/12/95	Cathie Fritts	2,000.00	Cathie Fritts	Cathie Fritts
83	1866	05/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
84	1867	05/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
85	1869	05/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
86	1870	05/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
87	1905	06/01/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
88	1909	06/01/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
89	1971	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, Wendy Fritts
90	1972	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, Wendy Fritts
91	1973	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts, Tim Koontz
92	1975	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
93	1976	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
94	1977	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
95	1981	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
96	1982	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
97	1984	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
98	1995	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
99	1996	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
100	1997	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
101	1998	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
102	1999	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
103	2000	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts,FDO M&L Motor Co, Inc

Exhibit C (continued)

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
104	2001	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
105	2002	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
106	2003	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
107	2004	06/13/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
108	2036	06/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
109	2037	06/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
110	2038	06/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
111	2039	06/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
112	2040	06/30/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
113	2098	07/05/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
114	2104	07/16/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
115	2105	07/16/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
116	2106	07/16/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
117	2107	07/16/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
118	2118	07/16/95	Cathie Fritts	164.23	Cathie Fritts	Cathie Fritts
		Total	<u>\$ 60,514.23</u>			

[This Page Left Blank Intentionally]

***Questionable Checks Signed by Cathie Fritts
Without Adequate Support***

Exhibit D

	Check Number	Date of Check	Payee	Amount of Check	Signature on Check	Endorsement on Check
1	1380	02/10/95	none	\$ 100.00	Cathie Fritts	no endorsement
2	1466	03/10/95	Cash	500.00	Cathie Fritts	no endorsement
3	1875	06/06/95	Cash	50.00	Cathie Fritts	Cathie Fritts
4	1886	06/04/95	Cash	500.00	Cathie Fritts	Cathie Fritts
5	1897	05/31/95	Cash	100.00	Cathie Fritts	Cathie Fritts
6	2073	07/06/95	Cash	<u>500.00</u>	Cathie Fritts	Cathie Fritts
			Total	<u>\$ 1,750.00</u>		

[This Page Left Blank Intentionally]

*Checks Given to the State Bureau of
Investigation by Cathie Fritts*

Exhibit E

<u>Check Number</u>	<u>Date of Check</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Signature on Check</u>	<u>Endorsement on Check</u>	
1	1868	05/30/95	Cathie Fritts	\$ 500.00	Cathie Fritts	Cathie Fritts
2	1906	06/01/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
3	1907	06/01/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
4	1908	06/01/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
5	1974	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
6	1978	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
7	1979	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
8	1980	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
9	1983	06/06/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
10	2099	07/05/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
11	2100	07/05/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
12	2101	07/05/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
13	2102	07/05/95	Cathie Fritts	500.00	Cathie Fritts	Cathie Fritts
14	1775	no date	Cathie Fritts	<u>5,000.00</u>	Cathie Fritts	Cathie Fritts
Total			\$ <u>\$11,500.00</u>			

[This Page Left Blank Intentionally]

[This Page Left Blank Intentionally]

[This Page Left Blank Intentionally]

DISTRIBUTION OF AUDIT REPORT

In accordance with G.S. §147-64.5 and G.S. §147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable James B. Hunt, Jr.	Governor of North Carolina
The Honorable Dennis A. Wicker	Lieutenant Governor of North Carolina
The Honorable Harlan E. Boyles	State Treasurer
The Honorable Michael F. Easley	Attorney General
Mr. Marvin K. Dorman, Jr.	State Budget Officer
Mr. Edward Renfrow	State Controller
Mr. C. Robin Britt	Secretary, Department of Human Resources

LEGISLATIVE BRANCH

Appointees of the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Representative Harold J. Brubaker, Co-Chairman
Senator Austin Allran	Representative James W. Crawford, Jr.
Senator Betsy L. Cochrane	Representative N. Leo Daughtry
Senator J. Richard Conder	Representative Theresa H. Esposito
Senator C. R. Edwards	Representative Robert Grady
Senator Fountain Odom	Representative Lyons Gray
Senator Beverly M. Perdue	Representative George M. Holmes
Senator Aaron W. Plyler	Representative Richard T. Morgan
Senator Anthony E. Rand	Representative Liston B. Ramsey
Senator J. K. Sherron, Jr.	Representative George S. Robinson
Senator Ed N. Warren	Representative Carolyn B. Russell

Other Legislative Officials

Representative James B. Black	Minority Leader of the N.C. House of Representatives
Mr. Thomas L. Covington	Director, Fiscal Research Division

Other Parties

Mr. Thomas J. Keith	District Attorney, Forsyth County
Mr. Eugene Morris	District Attorney, Davidson County
Mr. Stephen P. Karr	President, Work/Family Resource Center, Inc. Board of Directors
Ms. Donna Lambeth	Executive Director, Work/Family Resource Center, Inc.
Mr. Hal D. Lingerfelt	Commissioner, Banking Commission

January 25, 1996

ORDERING INFORMATION

Copies of this report may be obtained by contacting the:

Office of the State Auditor
State of North Carolina
300 North Salisbury Street
Raleigh, North Carolina 27602-5903

Telephone: 919/733-3217

Facsimile: 919/733-8443

E-Mail: reports@aud.osa.state.nc.us

A complete listing of other reports issued by the Office of the North Carolina State Auditor is available for viewing and ordering on our Internet Home Page. To access our information simply enter our URL into the appropriate field in your browser:
<http://www.osa.state.nc.us/OSA/>.

General Statute §143-170.1 requires disclosure of printing costs for public documents of which 200 copies are printed. This office originally printed 300 copies of this report at a total cost of \$261.00. An additional 75 copies have been printed at a cost of \$65.25 or 87¢ per copy.

Work/Family Resource Center, Inc.

Binder 1/Volume 1

Tapes/tape log
Donna Lambeth
Kaplans
Ron Fresquez (Embion)
Rhonda Murphy (New Beginnings)
Sylvia Walters (Walters Communication)
Karen's Cake Decorating
Dr. Rose Odum
Connie Sizemore
Sherry Bailey (Landlord-Lexington)
Carmen Revelle
Fred Hege
Tia Williams

Binder 2/Volume 2

Quality Enhancement
Slot Grant
EDCF
Contract 0700 DHR-Davidson WFRC
Inventory David Robbins' apartment
Telephone Number
Employee/BOD
M. L. Motor Co.
Miscellaneous

Binder 2/Volume 3

Account Transfers
Wachovia savings account
Computers
Receipts from DHR (Smart Start Development
Block Grants)
Davidson County Public Library
Copy of David Robbins' desk calendar
Check copies obtained from SBI
Payroll/Address analysis

Binder 3/Volume 4

Wachovia Bank/checking account
Copies of checks
David Robbins, Cathie & Wendy Fritts

Binder 3/Volume 5

Wachovia Bank/check printouts

Binder 4/Volume 6

Lexington State Bank/checking account,
check register

Binder 4/Volume 7

Lexington State Bank/checking acct. A-M

Binder 4/Volume 8

Lexington State Bank/checking acct. N-Z

Binder 5/Volume 9

Questioned checks

Binder 5/Volume 10

Questioned checks (continued)
Uncashed checks

Binder 6/Volume 11

Wachovia checking
DHR info

Binder 6/Volume 12

Wachovia check register

Binder 7/Volume 13

Draft reports

Binder 7/Volume 14

Final Draft
Smart Start