



RALPH CAMPBELL, JR.
STATE AUDITOR

STATE OF NORTH CAROLINA
Office of the State Auditor

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October 29, 1998

Mr. Norris Tolson, Secretary
N.C. Department of Transportation
1 South Wilmington St.
Raleigh, NC 27611-5201

Dear Secretary Tolson:

We received an allegation through the State Auditor's Hotline that the Department of Transportation Inventory Control Manager circumvented surplus public bidding procedures. He allegedly purchased a Department of Transportation truck in a private sale under the pretense that his Church was purchasing the truck, when in fact the Inventory Control Manager used the Church's name in order to purchase the truck for his personal ownership.

We conducted a special review of the allegation by examining documents supporting the sale and interviewing individuals involved with the sale. The following is the results of our review.

The Inventory Control Manager told his fellow employees and State Surplus Property employees that he was purchasing the DOT truck for his church. State Surplus Property allows certain non-profits to purchase state surplus equipment through private sales without having to participate in public bid sales. After purchasing the truck, the Inventory Control Manager registered the truck in his name and began driving the truck to work. After hearing of this, the State Equipment Superintendent (the Inventory Control Manager's Supervisor) told the Inventory Control Manager to have the title of the vehicle transferred to the Church and to stop driving the vehicle to work. On September 14, 1998, the Inventory Control Manager transferred the title to the Church. The Church has since returned the vehicle to State Surplus Property.

The Inventory Control Manager admitted that he had not purchased the truck for the Church, but had purchased the truck for his personal use. He said he was trying to get a good deal on a truck, so he wrote a \$900 check on the Church's checking account to the State for the truck and reimbursed the Church \$900.



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The normal procedure would have been for DOT to send the vehicle title to State Surplus Property to be transferred to the buyer, but in this case, the Inventory Control Manager had the title signed by a DOT employee transferring the vehicle to him and not the Church. All the accompanying documents reflect that the Church was purchasing the truck, including a letter written by the Inventory Control Manager to the Director of State Surplus Property on Church letterhead indicating that the Church wanted to purchase a surplus truck. The only indication that the truck was being purchased by the Inventory Control Manager was that the title was transferred to him. The DOT employee that signed the title on behalf of DOT as the seller said that she never saw who signed the title as buyer. She said that she only did what she was told by the Inventory Control Manager. The Inventory Control Manager had an Administrative Officer that reports to him notarize the title.

We recommend that all equipment being surplus by DOT be processed by State Surplus Property personnel as outlined in DOT's procedures.

We are presenting these findings for your review and written response. The purpose of the response is to allow you the opportunity to outline any corrective actions taken or planned. We request that your written response be delivered to us by November 9, 1998.

It is our understanding that you have already contacted the North Carolina State Bureau of Investigation concerning this matter. We are forwarding a copy of this letter to them for their review.

If you have any questions or wish to discuss this matter further, please contact us. We appreciate the cooperation received from your staff during the course of our review.

Sincerely,

Original signed by

Ralph Campbell, Jr., CFE
State Auditor

RCjr/DP:dj

Management letters and responses receive the same distribution as audit reports.



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

JAMES B. HUNT JR.
GOVERNOR

P.O. BOX 25201, RALEIGH, N.C. 27611-5201

E. NORRIS TOLSON
SECRETARY

November 9, 1998

The Honorable Ralph Campbell
State Auditor
300 N. Salisbury Street
Raleigh, North Carolina 27603-5903

Dear Auditor Campbell:

I have your letter of October 29, 1998, regarding your investigation of an incident concerning the purchase of a truck by a Department of Transportation employee.

We have done our own internal review of this matter and I wish to report to you that a pre-disciplinary conference was held with the employee on November 4, 1998. As a result of that conference and based upon the information available to us, we have dismissed that employee for unacceptable personal conduct, effective November 9, 1998.

We are also taking steps to ensure that proper procedures regarding the disposal of state property are always followed.

Thank you for the work you and your staff have done in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Norris Tolson", written over a circular embossed seal.

E. Norris Tolson

