

STATE OF NORTH CAROLINA  
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

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January 17, 2006

Mr. Robert Gaskins, Chairman  
Onslow County Board of Education  
200 Broadhurst Road  
Jacksonville, North Carolina 28540

Dear Mr. Gaskins:

We received a complaint through the State Auditor's Hotline alleging that an employee in the Media/Technology Department of Onslow County Schools provided consulting services to a vendor in violation of local policy.

We have completed a special review of this allegation and are submitting the following findings and recommendations for your review and written response. Our findings and recommendations are based on examination of various documents and records; review of applicable policies and statutes; and interviews of personnel associated with Onslow County Schools.

**The Media/Technology Supervisor created a conflict of interest by providing consulting services to a vendor of Onslow County Schools.**

The former Media/Technology Supervisor for Onslow County Schools acknowledged providing consulting services to Global Systems, Inc. (GSI) from October 1999 through July 2000. The Media/Technology Supervisor received \$14,200 from GSI in 1999 and 2000 according to amounts reported on 1099-MISC forms. She said her work with GSI consisted of researching web-based courses, Novell security features, workshop design, and configuration/ installation procedures for programs Onslow County Schools already used. She also assisted other counties with their media programs.

During this same period of time (October 1999 through July 2000), GSI was under contract with Onslow County Schools to provide integrated computer infrastructure and Internet access. The Media/Technology Supervisor served as project coordinator for Onslow County Schools for this contract. As the school system's project coordinator, she ensured that GSI's work was performed to contract specifications and approved invoices from GSI.

The *Onslow County Board of Education Policy Manual* prohibits employees from "engaging in any conduct that creates, or gives the appearance to the public of creating a conflict of interest."

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The policy continues, stating, "An employee...will not engage in or have a financial interest, directly or indirectly, in any activity that conflicts with duties and responsibilities in the school district." In our opinion, providing consulting services to GSI, while managing a contract with GSI for the school system created a conflict of interest for the Media/Technology Supervisor in violation of school system policy.

The Supervisor said she disclosed her work with GSI to her co-workers. However, interviews with her co-workers and supervisor revealed they did not become aware of her consulting work until November 2003. Moreover, there is no evidence supporting disclosure of her relationship with GSI during the time she provided consulting services.

Public school system employees provide essential services to the community and are expected to maintain the public's trust. Conflicts of interest diminish this trust and compromise the decision-making process, preventing employees and board members from acting in the best interests of the school system.

### **Recommendations**

The Onslow County Board of Education should ensure that all employees as well as board members understand and comply with the provisions of its conflict of interest policy. The former Supervisor currently serves on the Onslow County Board of Education. Therefore, the Board should obtain appropriate legal counsel concerning these issues.

Please provide your written response to these findings and recommendations, including corrective actions taken or planned by January 31, 2006. In accordance with North Carolina General Statute §147-64(c)(12), the Governor, the Attorney General and other appropriate officials will receive a copy of this management letter. We appreciate the cooperation received from the employees of Onslow County Schools during our review. If you have any questions or wish to discuss this matter further, please contact us.

Sincerely,



Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

**Management letter and responses receive the same distribution as audit reports.**

# Onslow County Schools

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Ronald B. Singletary

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Lina Padgett-Parker  
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Ronnie Ross  
Mary Ann Sharpe  
Pamela E. Thomas

January 27, 2006

The Honorable Leslie W. Merritt, Jr.  
State Auditor  
Office of the State Auditor  
2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601

Dear Mr. Merritt:

This will serve to acknowledge the findings and recommendations submitted to Onslow County Schools as a result of your investigation of a complaint that an employee created a conflict of interest by providing consulting services to a vendor in violation of local policy. Your letter requests a written response to your findings and recommendations, including the corrective actions taken or planned. Please accept this correspondence in satisfaction of that request.

As you know from your investigation, the subject employee received an anonymous email alleging an improper relationship existed between the employee and a vendor of Onslow County Schools. The employee immediately reported the matter to the Superintendent who immediately directed the Deputy Superintendent and the Assistant Superintendent for Personnel to begin an investigation. During Onslow County Schools' review of this matter, the employee admitted providing consulting services to a vendor on weekends and evenings over a period of several months. It was determined that the employee provided consulting services to vendor's clients, other than Onslow County Schools, and that no services were provided to the vendor in connection with the vendor's contract with Onslow County Schools.

As you are aware, the Onslow County Board of Education's conflict of interest policy, drafted and recommended by the North Carolina School Boards Association, was adopted on June 28, 2000. It specifically prohibits employees from engaging in additional (outside) employment that (1) adversely affects the employee's effectiveness in fulfilling

his/her job responsibilities; (2) involves work that originates from information obtained from or through Onslow County Schools; or (3) requires that work be done during the employee's work time or work day with Onslow County Schools. The internal investigation concluded that none of the above activities had taken place.

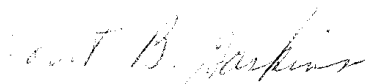
As a result of your recommendations and findings, I have spoken with both the Superintendent and school board attorney and requested that the Onslow County Board of Education consider revisions to the current board policy covering employee conflicts of interest. Proposed revisions will reflect the recommendations of your office including a specific prohibition against an employee obtaining a direct benefit from a contract that he or she is involved in making or administering as well as a prohibition against an employee (a) engaging in any employment, activity, investment or other interest that may involve obligations competing or conflicting with the interest of Onslow County Schools, and (b) using their position or knowledge gained thereby so that a conflict might arise between the interest of Onslow County Schools and that of any vendor or individual. I expect that the full Board will consider a revised conflict of interest policy at a regularly scheduled monthly meeting within the next sixty (60) days.

Once adopted, the revised policy will be made available to all board members and employees as soon as reasonably possible and will be included in routine staff development. Additionally, board policies are available for review online on the Onslow County Schools' website at <http://www.onslow.k12.nc.us>.

I appreciate the time and effort your office expended reviewing this matter and trust that revision and dissemination of the Board's employee conflict of interest policy will serve as satisfactory corrective action. We remain committed to providing the highest possible level of service and desire to avoid any appearance of impropriety that might tarnish the trust placed in us as public servants. Revising our existing policy to make it more specific should demonstrate our commitment to this end.

Should you require additional information or documentation, please do not hesitate to contact me.

Sincerely,



Robert B. Gaskins, Chairman  
Onslow County Board of Education

RBG:cb