



STATE OF NORTH CAROLINA
Office of the State Auditor

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

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September 28, 2007

Mr. William G. Ross, Jr., Secretary
North Carolina Department of Environment and Natural Resources
1601 Mail Service Center
Raleigh, North Carolina 27699-1601

Dear Secretary Ross:

We received an allegation through the *State Auditor's Hotline* concerning the North Carolina Department of Environmental Resources (DENR) Forest Resources B. H. Corpening Forestry Training Facility. Allegedly, the facility supervisor violated North Carolina law by operating a catering business using State resources. Pursuant to North Carolina General Statute §147-64.6(c)(16), our investigation of this matter resulted in the findings and recommendations described following the Background section.

Background

The Division of Forest Resources maintains two State training facilities: the B. H. Corpening Forestry Training Facility in Crossnore, North Carolina and the Global Transpark Training Facility in Kinston, North Carolina. 15A North Carolina Administrative Code 09C.0103 states the Division of Forest Resources training facilities serve the needs of the division and those of cooperating agencies that share parallel program objectives. The B. H. Corpening Forestry Training Facility clientele include federal, State, and local governments as well as some non-governmental organizations. It has four classrooms, overnight accommodations for 60 guests and a 150-seat dining facility. The facility supervisor is responsible for ordering food, scheduling employees, and providing oversight of food preparation, budgets and accounting, guest accommodations, and overall facility operation.

Conflict of interest

Our investigation did not reveal the existence of a catering business at the facility. However, we discovered the facility supervisor had ordered and received food for personal use during business hours from two vendors. The supervisor set up an account called "Personal Touch Catering" with one vendor and an account in the name of a local restaurant with another vendor to purchase food for herself and her employees. We determined the food for personal use was paid with personal funds and no State price discounts were obtained for the personal food purchases.

General Statute § 143.58.1 regarding unauthorized use of public purchase or contract procedures for private benefit makes it unlawful to purchase property or services for private use or benefit. Although we found no indication personal financial benefit was derived, we believe the opportunity for the misuse of State purchasing power exists when personal transactions are combined with State transactions.

The supervisor told her superior of the personal food purchases. The superior allowed the food purchases for employees as a fringe benefit. The superior stated this practice had been curtailed during the supervisor's tenure.

Recommendation

Discontinue the practice of purchasing food for personal use during business hours or while using State resources

Absence of a written policy on alcohol consumption

The B. H. Corpening Forestry Training Facility supervisor said the facility's policy allows alcoholic beverage consumption during non-business hours. Alcoholic beverage consumption is expected to be controlled and the public display of intoxicating beverages is not permitted. The supervisor said she explains this policy to guests but there is no written policy in this regard. There are also no signs on the facility premises stating the alcohol policy. An official from the Global Transpark Training Facility confirmed a similar policy and practice at that facility.

General Statute § 113-35 says "The Department shall make reasonable rules governing the use by the public of State forests, State parks, State lakes, game refuges, and public shooting grounds under its charge. These rules shall be posted in conspicuous places on and adjacent to the properties of the State and at the courthouse of the county or counties in which the properties are located." While alcohol consumption policies for educational State forests, State parks and other DENR State entities are included in North Carolina Administrative Code, the State training facilities are not covered. In our opinion, this omission increases the liability risk to the State.

Recommendation

DENR management should establish a written policy on alcohol consumption for the State's training facilities.

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Please provide your written response to these findings and recommendations, including corrective actions taken or planned, by October 12, 2007. In accordance with General Statute § 147.64.6 (c)(12), the Governor, the Attorney General, and other appropriate officials will receive a copy of this management letter. If you have any questions or wish to discuss this matter further, please contact us. We appreciate the cooperation received from employees of the Department of Environmental Resources.

Sincerely,

A handwritten signature in black ink that reads "Leslie W. Merritt, Jr." in a cursive script.

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

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



North Carolina Department of Environment and Natural Resources

Michael F. Easley, Governor

William G. Ross Jr., Secretary

October 12, 2007

Hon. Leslie W. Merritt, Jr., CPA, CFP
State Auditor
Office of the State Auditor
20601 Mail Service Center
Raleigh, NC 27699-0601

Dear Mr. Merritt:

I am writing to respond to your September 28, 2007 letter concerning the Division of Forest Resources' B. H. Corpening Forestry Training facility. We have addressed both issues that were raised in your letter.

Regional foresters were advised of the auditor's report and findings and they have advised all forestry staff involved that purchasing of food for personal use on state property is not allowed. Written policy will be updated at all forestry facilities to capture this language.

Regional foresters were also advised of the lack of a written policy on alcohol consumption at forestry training facilities. These foresters have since drafted written policy that will be finalized by the end of October, 2007 and posted as per your recommendation.

Thank you for your investigation of these matters. If we can be of further assistance please do not hesitate to contact us.

Sincerely,

William G. Ross
Secretary