



STATE OF NORTH CAROLINA
Office of the State Auditor

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

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April 17, 2008

Mr. Larry Leake
Chairman, North Carolina State Board of Elections
501 BB&T Building
Asheville, North Carolina 28801

Dear Mr. Leake:

We received a complaint through the State Auditor's Hotline regarding actions taken by the North Carolina State Board of Elections' (Board of Elections) Deputy Director. Allegedly, the Deputy Director hired a relative to work with the Board of Elections. Pursuant to North Carolina General Statute § 147-64.6(c)(16), our review resulted in the following finding and recommendation.

Employment of Relatives

We determined that the Deputy Director's husband was hired in February 2008 as a temporary employee to perform work on voting equipment. We interviewed the State Board of Elections' Executive Director and Deputy Director as well as Office of State Personnel (OSP) Human Resources (HR) Partners who provide direct support to the Board of Elections office.

In December 2007, the Deputy Director inquired of an OSP HR Partner regarding the possible employment of her son-in-law to fill a district elections technician vacancy for District 3 of the Board of Elections. OSP would not permit his employment because the position was permanent which would violate OSP regulations. The State Personnel Manual prohibits employment of relatives "if such employment will result in one member supervising another member of the employee's immediate family, or if **one member will occupy a position which has influence** (emphasis added) over another member's employment, promotion, salary administration or other related management or personnel considerations."

One month later, the Board of Elections' Director of Voting Equipment requested the hiring of a temporary voting equipment employee. The Deputy Director contacted an OSP employee working in the Temporary Solutions'¹ office. Temporary Solutions posted the job announcement but no qualified individuals applied for the job. Considering the urgent need to secure someone, the Temporary Solutions' employee told the Deputy Director that there was no problem in hiring a relative for a temporary position since "we're not restricted" when filling temporary positions.

¹ Temporary Solutions, a part of OSP's Benefits and Operations division, supports agencies in securing employees required on a temporary basis.

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As a result, the Deputy Director's husband was hired for the temporary position and began work during March 2008. Temporary Solutions handled all the paperwork and there was no contract or other written agreement between the Board of Elections and the Deputy Director's husband. The Deputy Director stated that now she understands that the Executive Director was not aware that OSP's HR Partners had not been contacted regarding the hiring.

According to an OSP HR Partner the State Personnel Act covers only permanent state employees. However, OSP recommends that state agencies also attempt to avoid nepotism when hiring temporary employees and "use the same good practices" as is required for hiring permanent state employees.

In her position, the Deputy Director oversees all administrative operations at the Board of Elections including the voting equipment function. As such, the Deputy Director possesses the power to influence the hiring, promotion, and salary administration of her husband as a temporary employee. Further, failure to avoid nepotism could lead to concerns within the Board of Elections regarding favoritism that may affect employee morale.

Recommendation

We recommend that the State Board of Elections take appropriate action which may include securing a replacement for the temporary voting equipment position which is currently filled by the Deputy Director's husband. In addition, we recommend that the Board of Elections avoid hiring related temporary employees in the future to prevent the appearance of a conflict of interest.

Please provide your written response to this finding and recommendation including corrective actions taken or planned by May 1, 2008. In accordance with General Statute § 147-646(c)(12), the Governor, the Attorney General and other appropriate officials will receive copies of this management letter. 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 letters and responses receive the same distribution as audit reports.



STATE BOARD OF ELECTIONS

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GARY O. BARTLETT
Executive Director

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April 30, 2008

The Honorable Leslie W. Merritt, Jr.
State Auditor
2 S. Salisbury Street
Raleigh, NC 27699-0601

Via Hand Delivery

Dear Mr. Merritt:

Thank you for the opportunity to review the draft report following your office's investigation of an anonymous complaint regarding actions taken by the Deputy Director of the State Board. Chairman Leake requested that I respond on his behalf.

Inquiry was made to OSP regarding the question of whether or not a family member could be considered for a vacant permanent position with the State Board of Elections. That position would report directly to a supervisor, not the deputy director. At the time of the inquiry it was unknown if the family member would even consider the position. OSP advised that personnel policies prohibited such employment. The position was posted according to OSP guidelines, many applications were received, however, the family member did not apply.

The Deputy Director's spouse was hired through Temporary Solutions after being told by Temporary Solutions on two separate occasions that if the family member did not report directly to the Deputy Director that OSP policies were not applicable. On April 21, 2008, a letter was submitted ending the assignment at the State Board. As requested by the State Board, Temporary Solutions had posted the position April 14, 2008, and indicated they had no one to fill the position. The position remains vacant.

In closing, the recommendations are accepted, implemented and resolved. Please contact me if you have additional questions or wish to discuss further.

Sincerely,

Gary O. Bartlett
Gary O. Bartlett