

# **STATE OF NORTH CAROLINA**

## **INVESTIGATIVE REPORT**

**DURHAM TECHNICAL COMMUNITY COLLEGE**

**DURHAM, NORTH CAROLINA**

**MAY 2013**

**OFFICE OF THE STATE AUDITOR**

**BETH A. WOOD, CPA**

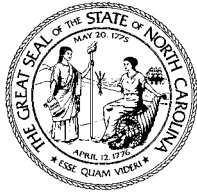
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**Beth A. Wood, CPA**  
State Auditor

STATE OF NORTH CAROLINA  
**Office of the State Auditor**

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet  
<http://www.ncauditor.net>

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**AUDITOR'S TRANSMITTAL**

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The Honorable Pat McCrory, Governor  
Members of the North Carolina General Assembly  
Dr. William G. Ingram, President, Durham Technical Community College

Ladies and Gentlemen:

Pursuant to North Carolina General Statute § 147-64.6(c)(16), we have completed our investigation of allegations concerning Durham Technical Community College. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General and other appropriate officials in accordance with North Carolina General Statute § 147-64.6 (c) (12). We appreciate the cooperation received from the management and employees of Durham Technical Community College during our investigation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

May 15, 2013

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## INTRODUCTION

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The Office of the State Auditor received allegations through the *State Auditor's Hotline* concerning the misuse of a computer and abuse of time by an employee at Durham Technical Community College. Allegedly, the Assistant Registrar in the Center for the Global Learner was operating a private, online business during work hours.

Our investigation of these allegations included the following procedures:

- Review of applicable sections of North Carolina General Statutes and North Carolina Administrative Code
- Review of the State Board of Community Colleges Code
- Review of Durham Technical Community College policies and procedures
- Forensic examination of a Durham Technical Community College computer assigned to the Assistant Registrar
- Interviews with Durham Technical Community College personnel

This report presents the results of our investigation. The investigation was conducted pursuant to North Carolina General Statute § 147-64.6 (c) (16).

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## **ORGANIZATION OVERVIEW**

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Durham Technical Community College (College) is a charter member of the North Carolina Community College System. The College officially opened its doors on September 5, 1961 as the Durham Industrial Education Center. The institution continued to operate as an Industrial Education Center until 1965, when the Board of Trustees authorized changing the name to Durham Technical Institute. In 1986, the North Carolina General Assembly approved a request to add a university transfer program to its curriculum offerings, after which the Board of Trustees authorized the institution to change its name to Durham Technical Community College.

The College serves Durham and Orange counties and offers technical and occupational programs leading to degrees, diplomas, and certificates. The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges. It is one of 58 institutional members that operate under the authority of the North Carolina State Board of Community Colleges.

The Center for the Global Learner was created in the fall of 2009, to support the College's vision of fostering intercultural understanding and the development of engaged global citizens. The Center for the Global Learner houses and supports several programs and campus initiatives such as English as a Second Language, International Student Services, Translation/Interpretation Programs, Intercultural Programs and Activities, and Study Abroad Opportunities.

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## FINDINGS AND RECOMMENDATIONS

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### 1. THE ASSISTANT REGISTRAR USED COLLEGE RESOURCES FOR PRIVATE BUSINESS ACTIVITIES.

The Assistant Registrar at Durham Technical Community College's (College) Center for the Global Learner used College resources to manage her Internet businesses. Specifically, the Assistant Registrar used a College computer to manage her bird supply store and sell Amway products during work hours. Additionally, her secondary employment request was not properly approved.

College employees must complete a Secondary Employment Request Form on an annual basis. Secondary employment includes self-employment, consulting, contractual work, or other paid activities and employees use this form to request permission to begin or continue any such activities. The Assistant Registrar completed the College's Secondary Employment Request Form in September 2011. She listed the bird supply and Amway businesses on the form. She also recorded her work hours at the College as 8:00 a.m. to 5:00 p.m. and certified that her private business activities were conducted on nights and weekends only.

The Secondary Employment Request Form explicitly states, *"I understand that I may not engage in secondary employment and activities that interfere in any way with my assigned work hours and responsibilities at [Durham Technical Community College]."* The Assistant Registrar signed the form to certify that she understood all statements on the form and that the information she provided was correct. Her supervisor also signed the form to indicate his support for the Assistant Registrar's secondary employment. However, permission for the secondary employment was not formally granted because the President of the College never signed the form.

The College has a policy regarding secondary employment.<sup>1</sup> The policy stipulates that, "Each employee who signs a full-time or continuing part-time contract with Durham Technical Community College is expected to devote his/her entire time and attention to the duties and responsibilities of the position to which he/she has been appointed and shall engage in no other secondary employment except with the prior written consent of the President." The policy also states that, "Failure to obtain prior written consent of the President before engaging in secondary employment may be grounds for dismissal from the college."

Investigators reviewed the website for the Assistant Registrar's bird supply business in December 2012. The business website included a contact number and its hours of operation were listed as 9 a.m. to 5 p.m. EST. These hours of operation overlap the Assistant Registrar's work hours at the College. The website also stated that she operated the bird supply business as a full-time job, which again conflicts with her hours at the College and the secondary employment form that she signed.

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<sup>1</sup> Durham Technical Community College Employee Handbook, Section III-2: Employment and Contracts.

## **FINDINGS AND RECOMMENDATIONS (CONTINUED)**

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Investigators made a phone call on two different days to the contact number listed on the website for bird supplies. The calls were structured as product inquiries and were made during the Assistant Registrar's working hours at the College. In both cases, the Assistant Registrar responded to the calls on the same day and during her College working hours. Investigators verified that the Assistant Registrar was not absent on the days the phone calls were made.

During the course of an interview, the Assistant Registrar denied performing any activities related to the bird supply business during work hours. When investigators showed her numerous examples of business documents found on her College computer, she stated that those activities were performed before and after work, or during breaks or lunch. She added that her breaks and lunches tend to be "all over the place" and that they could be anywhere from early in the morning to late afternoon. Investigators asked the Assistant Registrar if she responded to phone calls related to her businesses during work hours, and she responded that she did not. However, as noted above, she responded to the two phone calls investigators made to the bird supply business during College business hours. When presented with that information, she replied that the calls must have been placed during her breaks.

Several weeks after our interview with the Assistant Registrar, investigators reviewed the website for the bird supply business again. The hours of operation had been changed from 9 a.m. to 5 p.m. EST to Saturdays from 9 a.m. to 5 p.m. and weekdays after 5 p.m. The statement that she operated the bird supply business on a full-time basis had also been changed to say that she operated the business on a part-time basis.

A forensic review of the College computer assigned to the Assistant Registrar revealed 329 documents related to the bird supply and Amway businesses, including order forms, invoices, receipts for product returns, promotional materials, product images, labels, and other business documents. The appendix includes a random sample of 40 documents from the 329 found on the Assistant Registrar's College computer. The sample indicates that 33 of the 40 documents (82.5 percent) were accessed during her business hours at the College. If this sampling is representative of the entire population of 329 documents, then the Assistant Registrar accessed approximately 271 documents during working hours on her College computer.

The Assistant Registrar's operation of private businesses during her regular working hours at the College is a violation of College policy addressing secondary employment.<sup>2</sup> This policy makes it clear that her entire time and attention are to be devoted to the duties and responsibilities of her position at the College. The Assistant Registrar's use of a College computer for her private businesses is also a violation of College policy. According to the employee handbook, "Durham Tech's computers and networks are for uses consistent with the college's mission. They may not be used for outside business projects or

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<sup>2</sup> Ibid.

## **FINDINGS AND RECOMMENDATIONS (CONCLUDED)**

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personal activities.”<sup>3</sup> The handbook also stipulates that, “Personal use of state-owned equipment is not authorized.”<sup>4</sup>

### **RECOMMENDATION**

College management should take disciplinary action against the Assistant Registrar regarding her use of a College computer for the operation of private businesses during working hours.

College management should re-emphasize its computer use policy to all faculty and staff. All employees should provide written acknowledgement of their understanding of the policy.

College management should establish a mechanism to ensure that all Secondary Employment Request forms are reviewed and either approved or rejected by the College President.

College management should consider evaluating the Assistant Registrar position to determine if the workload justifies a full-time employee.

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<sup>3</sup> The Durham Technical Community College Employee Handbook, Section V-2: College Property – Computer Software, *Appropriate Use of Computing Resources Policy*.

<sup>4</sup> The Durham Technical Community College Employee Handbook, Section V-2: Equipment

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## APPENDIX

SAMPLE OF 40 DOCUMENTS LOCATED ON EMPLOYEE'S WORK COMPUTER					
Sample Number	Document Number	Document Description	Date Modified	Creation Time / Day	During Work Hours
1	17	Bird Cage ( <i>Product Image</i> )	3/8/2011	3:46:04PM Thursday	X
2	21	Red Apple Jungle - Bird Food ( <i>Product Image</i> )	10/31/2011	11:01:56AM Monday	X
3	23	Amway Nutrition Document	10/13/2011	2:36:14PM Thursday	X
4	31	Sunshine Factor - Bird Food ( <i>Product Image</i> )	10/8/2012	4:48:52PM Monday	X
5	38	Green Bird Feeder ( <i>Product Image</i> )	3/8/2011	5:42:38PM Tuesday	
6	44	Bird Picture ( <i>Image</i> )	8/9/2012	2:40:13PM Thursday	X
7	45	Baked Birdie Munchies - Bird Food ( <i>Product Image</i> )	8/23/2011	1:27:57PM Tuesday	X
8	57	Bird Toy ( <i>Product Image</i> )	3/8/2011	4:53:51PM Tuesday	X
9	65	National Bird Day Image for Sales Flyer	1/5/2012	12:03:57PM Thursday	X
10	66	Happy National Bird Day Sales Flyer	1/5/2012	11:52:34AM Thursday	X
11	84	Free Facials and Skin Care Analysis Flyer	5/2/2012	3:05:26PM Wednesday	X
12	85	Free Facials and Skin Care Analysis Flyer [50606]	5/2/2012	4:06:55PM Wednesday	X
13	86	Free Facials Quarter Page Flyers	6/13/2012	7:32:28AM Wednesday	
14	105	Independent Business Owner Labels	11/14/2012	2:57:52PM Wednesday	X
15	113	Bird Toy ( <i>Product Image</i> )	11/7/2012	4:32:00PM Wednesday	X
16	114	Bird Feeder ( <i>Product Image</i> )	5/4/2011	10:17:34AM Wednesday	X
17	116	Bird Toy ( <i>Product Image</i> )	5/4/2011	10:17:34AM Wednesday	X
18	147	Birdy Bracket ( <i>Product Image</i> )	10/8/2012	4:20:14PM Monday	X
19	157	Sandy Perch ( <i>Product Image</i> )	1/18/2012	4:09:57PM Wednesday	X
20	177	Bird Toy ( <i>Product Image</i> )	10/9/2012	4:25:54PM Tuesday	X
21	184	Bird Feeder ( <i>Product Image</i> )	4/19/2011	5:17:24PM Tuesday	
22	191	Bird Toy ( <i>Product Image</i> )	7/19/2012	10:46:29AM Thursday	X
23	200	Bird Toy ( <i>Product Image</i> )	7/19/2012	10:57:03AM Thursday	X
24	208	Bird Toy ( <i>Product Image</i> )	12/18/2012	1:56:49PM Tuesday	X
25	214	Bird Toy ( <i>Product Image</i> )	4/19/2012	5:54:06PM Tuesday	
26	217	Risa and Gillie ( <i>Image</i> )	8/16/2011	2:57:28PM Tuesday	X
27	229	Bird Toy ( <i>Product Image</i> )	4/19/2011	6:05:03PM Tuesday	
28	237	Bird Toy ( <i>Product Image</i> )	4/19/2011	6:29:24PM Tuesday	
29	241	Bird Toy ( <i>Product Image</i> )	9/11/2012	4:10:16PM Tuesday	X
30	243	Bird Toy ( <i>Product Image</i> )	9/11/2012	4:22:37PM Tuesday	X
31	244	Bird Toy ( <i>Product Image</i> )	4/19/2011	6:10:5PM Tuesday	
32	254	Chili Spice Paradise Food ( <i>Product Image</i> )	10/31/2011	11:00:34AM Monday	X
33	272	Tambo Pet Products Logo	9/29/2011	11:06:39AM Monday	X
34	296	TLA Invoice 0204 - PDF	3/26/2012	3:01:15PM Monday	X
35	301	Bird Toy ( <i>Product Image</i> )	4/4/2011	10:49:14AM Monday	X
36	302	Bird Toy ( <i>Product Image</i> )	12/5/2011	1:55:00PM Monday	X
37	305	Yahoo Webhosting File	2/29/2012	4:35:59PM Wednesday	X
38	306	Yahoo Webhosting File	2/29/2012	4:35:59PM Wednesday	X
39	316	Yahoo Webhosting File	2/29/2012	4:36:00PM Wednesday	X
40	322	Yahoo Webhosting File	2/29/2012	4:36:00PM Wednesday	X
				<b>Total During Work Hours</b>	<b>33</b>

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## RESPONSE FROM DURHAM TECHNICAL COMMUNITY COLLEGE

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Durham Technical  
Community College

*Creating Success in the Triangle and Beyond*

*Office of the President*

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April 25, 2013

Beth A. Wood, CPA  
North Carolina State Auditor  
2 South Salisbury Street  
Raleigh, North Carolina 27699

Dear Ms. Wood:

Thank you for your letter of April 18 and the accompanying Confidential Draft Investigative Report regarding allegations regarding a former employee's use of college resources to conduct private business activities in violation of North Carolina state law. This letter serves as an acknowledgement of the receipt of your draft and contains a summary of Durham Technical Community College's ("the College's") action in response.

The College first became aware of the allegations that an employee was using college resources to conduct private business activities on December 20, 2012, when I received a telephone call from a member of your investigative staff. On that date, your office advised me that you had received an anonymous complaint through the fraud hotline. In that conversation, your staff member arranged to gain access to the computer assigned to the employee in question to conduct an analysis of files and documents created or saved on the computer's hard drive. We arranged for that access later that same day.

On January 8, 2013, I received a telephone call from another member of your staff who reported the results of this analysis. Based on this analysis, your staff requested that we arrange for an interview with the employee in question, which was carried out on the College campus on January 15. We also provided your staff with access to the employee's personnel records, including documents indicating her understanding of college policies related to the use of college resources to conduct private business activities.

Immediately following that interview, the College placed the employee on administrative leave so we could conduct our own investigation into the allegations. We waited until the completion of your interview so as not to interfere with your investigation into the possibility of a violation of state law. We conducted our review to determine whether the employee in question had violated either or both of two college policies: the Appropriate Use of Computing Resources Policy and the Secondary Employment Policy. Upon completion of that review and in accordance with the College's Due Process Policy, I notified the employee that her employment was terminated, effective March 13, 2013. (Please note that from the date the employee was placed on administrative leave until the date of termination, her salary was paid from institutional sources and not from state funds.)

Beth A. Wood, CPA

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April 25, 2013

As noted in your report, the College has policies in place to address secondary employment and appropriate use of computing resources. More specifically, the College requires each employee to complete a Secondary Employment Request Form upon initial employment. That form is to be reviewed annually and to be modified at any time an employee undertakes secondary employment or any time his or her secondary employment status changes. The College also requires each employee to review and sign the Appropriate Use of Computing Resources Policy at the time of initial employment. As you know, the employee in question signed both forms indicating understanding of the policies and the potential consequences of violating them.

Your report properly notes that as president I had not signed the employee's Secondary Employment Form. I have directed our Human Resources Office to review our processes to ensure all such forms are reviewed by appropriate personnel and to ensure the president gives final approval for all reported secondary employment. I will note that under the circumstances I would have given the employee approval to conduct secondary employment as it was portrayed on the form in her personnel file, as she indicated that her secondary employment would not be carried out in conflict with her College job duties.

As you recommend, I have also directed the Human Resources Office to remind all employees periodically of the College's Appropriate Use of Computing Resources and Secondary Employment Policies. We are also re-evaluating the position held by this person to determine whether a full-time employee is needed to carry out the assigned responsibilities.

I understand that the Office of the State Auditor is required to investigate allegations of fraud or other violations of state law that are reported on the fraud hotline. In this case, the college's ability to respond to this allegation promptly was hindered as we could not act until your office completed certain aspects of your investigation.

I appreciate the thorough and professional manner in which members of your staff conducted this investigation. Should you have any questions about this letter or require anything further from me, please feel free to contact me at 919-536-7250.

Very truly yours,



William G. Ingram  
President



## ORDERING INFORMATION

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Copies of this report may be obtained by contacting the:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

Telephone: 919/807-7500

Facsimile: 919/807-7647

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This investigation required 151 hours at an approximate cost of \$10,872.