

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

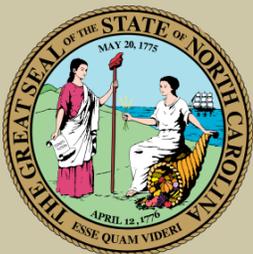
BETH A. WOOD, CPA



NASH COUNTY PUBLIC SCHOOLS

NASHVILLE, NORTH CAROLINA

INVESTIGATIVE REPORT
JUNE 2021



NC\$OSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor initiated an investigation in response to a Hotline allegation regarding the former Superintendent (Superintendent) of Nash County Public Schools (School System). Specifically, it was alleged that the Superintendent misused his procurement card¹ and a School System vehicle.

BACKGROUND

Nash County Public Schools (School System), formerly known as Nash-Rocky Mount Public Schools,² is located in eastern North Carolina with administrative offices in Nashville. The School System's Board of Education (Board) supervises all matters related to the public schools of the system, enforces School System law, and appoints the Superintendent.³ The Superintendent is responsible for administering the School System consistent with the Board's policies. In addition, the Superintendent is responsible for keeping the Board informed about School System operations.⁴

The School System's former Superintendent began his position on January 4, 2016, and resigned effective August 2, 2019.

KEY FINDING

The former Superintendent violated his contract and multiple policies and procedures related to his procurement card and use of a School System vehicle. These violations resulted in \$45,690 in unallowed and questionable expenses.

KEY RECOMMENDATIONS

- The Board should seek reimbursement from the former Superintendent for expenses that lacked adequate documentation or were unallowed by his contract and policies and procedures.
- The Board Chair should review the Superintendent's expenses to ensure adherence to policies and procedures.

Key finding and recommendations are not inclusive of all findings and recommendations in the report.

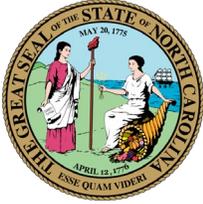
¹ Procurement cards are used by government agencies and other entities to make small purchases efficiently. By using procurement cards, employees can make purchases without purchase orders or the need to issue a check.

² School System's *Legal Status of the Board and School System Policy*

³ School System's *Board Authority and Duties Policy*

⁴ School System's *Board and Superintendent Relations Policy*

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Members of the Nash County Public School Board

Ladies and Gentlemen:

Pursuant to *North Carolina General Statutes §147-64.6(c)(16)* and *§147-64.6B*, we have completed an investigation of allegations concerning Nash County Public Schools. 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 *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of Nash County Public Schools during our investigation.

Respectfully submitted,

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

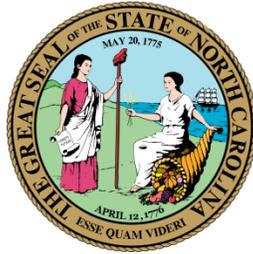
Beth A. Wood, CPA
State Auditor



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

TABLE OF CONTENTS

	PAGE
BACKGROUND.....	1
FINDING AND RECOMMENDATIONS	
FORMER SUPERINTENDENT VIOLATED HIS CONTRACT, POLICIES, AND PROCEDURES RESULTING IN \$45,690 IN UNALLOWED AND QUESTIONABLE EXPENSES.....	2
RESPONSE FROM NASH COUNTY PUBLIC SCHOOLS	5
ORDERING INFORMATION	21



BACKGROUND

The Office of the State Auditor (OSA) initiated an investigation in response to a Hotline allegation regarding the former Superintendent (Superintendent) of Nash County Public Schools (School System). Specifically, it was alleged that the Superintendent misused his procurement card⁵ and a School System vehicle.

Our investigation of these allegations included the following procedures:

- Review of applicable School System policies and procedures
- Review of the State Budget Manual maintained by the Office of State Budget and Management
- Examination and analysis of available documentation including procurement card statements and receipts, the results of an independent investigation requested by the School System's Board of Education (Board),⁶ and expense documents
- Interviews with the School System's current and former employees and members of the Nash County Board of Education

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

The School System, formerly known as Nash-Rocky Mount Public Schools,⁷ is located in eastern North Carolina with administrative offices in Nashville. The School System's Board supervises all matters related to the public schools of the system, enforces School System law, and appoints the Superintendent.⁸ The Superintendent is responsible for administering the system consistent with the Board's policies. In addition, the Superintendent is responsible for keeping the Board informed about School System operations.⁹

The School System's former Superintendent began his position on January 4, 2016, and resigned effective August 2, 2019.

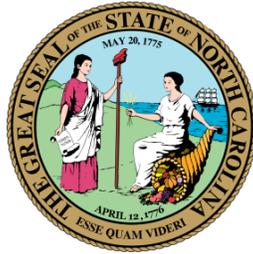
⁵ Procurement cards are used by government agencies and other entities to make small purchases efficiently. By using procurement cards, employees can make purchases without purchase orders or the need to issue a check.

⁶ In 2019, the Board contracted with a law firm to complete an independent investigation of the former Superintendent's procurement card expenses and use of a School System vehicle. The report to the Board included findings that are similar to those found in this report. However, OSA independently investigated the allegations and found significantly more policy violations related to expenses incurred by the Superintendent.

⁷ School System's *Legal Status of the Board and School System Policy*

⁸ School System's *Board Authority and Duties Policy*

⁹ School System's *Board and Superintendent Relations Policy*



FINDING AND RECOMMENDATIONS

FORMER SUPERINTENDENT VIOLATED HIS CONTRACT, POLICIES, AND PROCEDURES RESULTING IN \$45,690 IN UNALLOWED AND QUESTIONABLE EXPENSES

The former Superintendent (Superintendent) of Nash County Public Schools (School System) violated his contract and multiple policies and procedures related to use of his procurement card¹⁰ and a School System vehicle. As a result, the School System paid \$45,690 in unallowed and questionable expenses that may have been more appropriately used for valid School purposes. Additionally, the Superintendent fostered an environment in which such violations are acceptable. The violations were undetected because of a lack of review and oversight by the former chairs of the School System's Board of Education (Board) and the former Chief Finance Officer (CFO). The Superintendent was required to follow policies, procedures, and his employment contract related to the use of the School's resources.

Violation of His Contract and Policies and Procedures

The Superintendent violated his contract and multiple policies and procedures related to the use of his procurement card and a School System vehicle.

From January 4, 2016 through August 2, 2019, the Superintendent presided over the School System. During his tenure as Superintendent, he repeatedly violated his contract and multiple policies and procedures.

Specifically, the Superintendent,

- Improperly used his procurement card (\$22,045)
- Violated the School System's travel policy (\$19,362)
- Used the School System's vehicle for personal use (\$3,015)
- Made fuel purchases and rented a vehicle despite receiving a travel allowance (\$1,268)

Improper Use of Procurement Card

The Superintendent used his procurement card to make 249 questionable purchases totaling \$22,045. Specifically,

- 198 purchases (80%) totaling \$18,342 lacked an itemized receipt and therefore lacked adequate documentation to support a valid School purpose
- 45 purchases (18%) totaling \$3,576 had an itemized receipt but lacked adequate documentation to support a valid School purpose
- 6 purchases (2%) totaling \$127 were unallowed

Violation of Travel Policy

The Superintendent submitted 104 receipts totaling \$19,362 for unauthorized travel expenses. Further, 40 (38%) of these expenses were over the per diem travel rates by a total of \$7,127.

¹⁰ Procurement cards are used by government agencies and other entities to make small purchases efficiently. By using procurement cards, employees can make purchases without purchase orders or the need to issue a check.

The Superintendent stated he received approval from the Board verbally or via email, but that he did not submit the required travel forms to document the approval. However, the Superintendent did not provide any documentation to support that the approval occurred.

Personal Use of School System Vehicle

The Superintendent used his assigned School System vehicle for personal use. Specifically, the Superintendent made 99 fuel purchases totaling \$3,015 in the Charlotte metropolitan area, including purchases in Huntersville, North Carolina, which is the location of his personal residence. He submitted these fuel purchases as workshops or conference travel expenses.

The Superintendent stated that the School System “did not track [vehicle] usage. [The School System] had no restrictions on in-state travel per the policy and administrative guidelines.” He admitted to driving the School System vehicle to the Charlotte area to visit his children. However, the School System’s policy¹¹ required vehicles to be operated on official School System business only.

Fuel Purchases and Travel Allowance

Despite receiving a \$600 monthly allowance for travel within the School System’s district, the Superintendent made 35 fuel purchases within the School System’s district totaling \$1,145.

In addition, the former Superintendent paid for a rental car in the amount of \$123 despite already having a School System vehicle assigned to him.

Resulted in an Environment Where Violating Policies is Acceptable

As a result of the Superintendent’s violation of his contract, policies, and procedures, the School System incurred \$45,690 in unallowed and questionable expenses that may have been more appropriately used for valid School purposes.

In addition to these expenses, the Superintendent’s violation of his contract, policies, and procedures fostered an environment where such violations are acceptable.

Caused by Lack of Board Chairs’ Review

The Superintendent’s violation of his contract, policies, and procedures was not detected because of a lack of oversight by the former Board chairs.¹²

During interviews with former Board chairs, it became clear that, from February 2016 through October 2018, they were unaware of their responsibility to review the Superintendent’s expenses. Therefore, the former Board chairs did not review the expenses submitted by the Superintendent.

Beginning in October 2018, the acting Board chair began reviewing the expenses and brought some concerns to the Board’s attorney. According to the Board chair, he had concerns regarding some of the expenses, but approved the expenses anyway.

¹¹ School System’s *Transportation Department Guidelines for Non-Bus Vehicle Use*

¹² Board chairs serve for one-year terms that correspond to the calendar year.

Also Caused by CFO's Lack of Oversight

The Superintendent's violation of his contract, policies, and procedures was also not detected because the CFO failed to provide proper oversight of the procurement card program. Despite noticing repeated violations by the Superintendent, including failing to submit transactions to the Board chairs for review, the CFO did not revoke the Superintendent's procurement card. She processed payments for the procurement card without question. She stated, "My job was on the line. I felt like if I went in and told him [the Superintendent] this needed Board approval, he would find a way to get rid of me."

Superintendent's Contract and School System Policies and Procedures

The Superintendent violated his contract and School System policies and procedures.

Specifically, related to the use of the procurement card, School System policies and procedures require:

- The procurement card to be used for legitimate business purposes only¹³
- Receipts to be maintained for all transactions made with the procurement card¹⁴

Further, related to travel, the Superintendent's contract and School System policies and procedures require:

- The Superintendent travel receive prior approval from the board chair or vice chair¹⁵
- The reimbursement rates for travel be in accordance with per diem rates established¹⁶
- School system vehicles to be operated on official school system business only¹⁷
- The Superintendent's \$600 per month travel allowance be used for travel within the School System district¹⁸

RECOMMENDATIONS

The Board should seek reimbursement from the former Superintendent for expenses that lacked adequate documentation or were unallowed by his contract, policies, and procedures.

The Board Chair should review and adhere to the School System's policies and procedures relating to his or her responsibility for reviewing the Superintendent's expenses.

The Chief Finance Officer should enforce the School System's policies and procedures for the procurement card program to ensure purchases are adequately supported, allowed, and are appropriate use of the School System's resources.

¹³ School System's *Procurement Card Policy*

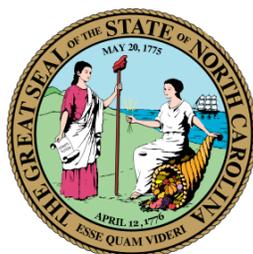
¹⁴ Ibid.

¹⁵ School System's *Employee Travel and Other Expense Reimbursement Policy*

¹⁶ Ibid.

¹⁷ School System's *Transportation Department Guidelines for Non-Bus Vehicle Use*

¹⁸ Superintendent's Employment Contract



RESPONSE FROM NASH COUNTY PUBLIC SCHOOLS



CRIMINAL DEFENSE
 DIVORCE & FAMILY LAW
 EDUCATION LAW
 CIVIL LITIGATION
 APPEALS

June 10, 2021

VIA U.S. MAIL AND EMAIL

Beth Wood, CPA
 North Carolina State Auditor
 NC Office of the State Auditor
 2 S. Salisbury Street
 20601 Mail Service Center
 Raleigh, NC 27699-0600
Beth_Wood@ncauditor.net

Dear Ms. Wood,

Our firm represents the Nash Board of Education (“the Board”). We are writing in follow up to the confidential draft report you provide to the Board’s Superintendent on May 27, 2021, containing the results of an investigation you conducted into the Board’s former Superintendent Shelton Jefferies’ use of a procurement card and a school system vehicle. This letter constitutes the Board’s formal written response to the findings and recommendations of the State Auditor, and outlines corrective action that previously was taken as well as additional steps the Board intends to take as a result of the State Auditor’s findings.

In the spring of 2019, the Board received a report that school system procurement cards and district vehicles had been used for unauthorized purposes. In response to this report, the Board directed our firm to investigate these reports, and to provide the Board with a report of the findings of our investigation. As part of our investigation, we reviewed documentation related to the use of procurement cards by the Superintendent’s office and school system staff from August 2016 through January 2019. We also sent written questions to Dr. Jefferies and former chief-of-staff Brian Miller, and reviewed the responses we received.

We provided the Board with a written report of our findings on April 1, 2019. In response to this report, the Board, through its Chair and Vice Chair at the time, communicated in writing with Dr. Jefferies, multiple times over the next few months, regarding the concerns that had been identified and provided specific directives for the implementation of protocols regarding the use of procurement cards.

Dr. Jefferies resigned as Superintendent of the school system effective August 2, 2019. Mr. Miller was appointed temporary acting Superintendent during the Board’s search to designate an Interim Superintendent.

On August 7, 2019, the Board's Chair and Vice Chair provided Mr. Miller with a memorandum regarding directives for implementing procurement card procedures. Exhibit A.

Dr. Del Burns was named Interim Superintendent by the Board, effective August 21, 2019. In addition, in July 2019, the Board named Joyce Jarrett its new Chief Financial Officer. Affidavit of Joyce Jarrett ¶ 2 (Exhibit B). Following their appointments, Ms. Jarrett and Dr. Burns worked together to develop and implement significant changes to the use of procurement cards, as requested by the Board. *Id.* ¶ 3. These changes included the following:

- Reducing the total number of procurement cards in use by the school system from 20 cards to 5 cards. As part of this change, the Superintendent no longer has the use of a personal procurement card.
- Reducing the individual transaction limit for procurement cards from \$75,000 to \$1,000, and reducing the monthly spending limit from \$75,000 or \$100,000 to \$5,000 per month.
- Implementing an approval process by which district staff may request, in writing, to use a single corporate card held by Ms. Jarrett in a locked file cabinet. This request requires approval from the Superintendent.
- Continuing to ensure that monthly substantiation and approval for each credit card is complete and processed by the accounts payable analyst.

Id. ¶ 3 & Ex. 1.

These changes were implemented as of August 31, 2019, and were presented to the Board of Education at its September 12, 2019, meeting. *Id.* ¶ 4. The procedures continue to be in effect at this time. *Id.* ¶ 5.

Moreover, in its contract with its current Superintendent, the Board expressly clarified that the Superintendent will not have use of a school system vehicle. The Board further clarified this expectation verbally to its Superintendent, and the Superintendent has not used a school system vehicle during his tenure.

The Board takes seriously the findings of the State Auditor and believes it has put in place robust protections to ensure that all purchases made through procurement cards are adequately supported and constitute an appropriate use of the school system's resources. Moreover, the Board Chair continues to work proactively with the school system's administration to ensure that all procedures are being followed with fidelity. Finally, the Board has instructed our firm to seek reimbursement from Dr. Jefferies for the \$45,690 in improper expenditures identified by the State Auditor (less any amounts Dr. Jefferies already reimbursed to the Board). If the Board does not receive payment of this amount within 60 days following the date of our letter, it will report the matter to the district attorney for review.

The Board appreciates the diligence with which the State Auditor discharges its duty to the citizens of North Carolina in supporting the Board's work and ensuring that the Board is a

proactive steward of the funds with which it has been entrusted. Should the State Auditor have any additional questions or concerns regarding this matter, please do not hesitate to contact us.

Sincerely,

THARRINGTON SMITH, L.L.P.



Lindsay Vance Smith

Enclosures

cc: Dr. Steven Ellis
Rod Malone
Ken Soo



To: Brian K. Miller, Chief of Staff

From: Franklin Lamm, Board Chair
Ann Edge, Vice Chair

Re: Procurement Card and Expense Reimbursements

Date: August 7, 2019

Memorandum

Please find attached a to do list for the expense reimbursements and the use of procurement cards by school system employees. You should promptly begin implementation of the items outlined in the attached to do list. Please also provide the Board with an update on the implementation of these items at the next regular Board meeting.

If you have any questions regarding the attached, please do not hesitate to contact us.

Procurement Card and Expense Reimbursement To-Do List

I. Marking School System Vehicles

If all school system vehicles have not been prominently marked so that they can be easily identified by the public as school system vehicles, please have this done as soon as possible.

II. Interim Procurement Card Procedures

Attached to this to-do list are interim procurement card guidelines based upon similar guidelines for other public bodies. If these have not already been implemented, please implement these interim guidelines effective immediately.

The Board is also requesting that you and the Chief Finance Officer begin the development of permanent guidelines for procurement card use that provide protections at least as robust as those in the interim guidelines. Please notify the Board of your proposed permanent guidelines before you put them into place.

You will also find attached to this to-do list a proposed resolution authorizing the use of electronic purchases. This resolution seeks to comply with Local Government Commission (“LGC”) rules on use of procurement cards and other electronic methods of purchase. The resolution, and the LGC guidelines, make the Chief Finance Officer responsible for meeting financial control requirements, including pre-audit certificates for all payments. Please add approval of the attached resolution to the agenda for the next Board meeting. In addition, the Board would like you to work with the Chief Finance Officer to ensure that the school district complies with all requirements for electronic purchases.

The Chief Finance Officer should also develop an employee training program for all employees that will have access to the use of procurement cards and ensure that those employees complete the training prior to the use of a procurement card.

III. Expense Reimbursement Standards

Oversee or confirm the development of internal procedures and regulations applicable to all employees so that money for travel, professional development, and other expenses are made in accordance with Board policy and state law. Goals should include prudent use of public money, adequate financial controls, and high standards for receipting and other record keeping.

You should review Board policy in developing procedures and regulations, including the following:

- 1610/7800, Professional and Staff Development;
- 2130, Board Member Compensation and Expenses;
- 7650, Employee Travel and Other Expense Reimbursement;
- 8000, Fiscal Goals; and
- 8300, Fiscal Management Standards.

**Nash-Rocky Mount Public Schools
Interim Purchasing Card Procedures**

1. Purpose of Card

- a. Purchasing cards permit school employees to make small purchases, typically of goods, while reducing check writing and other paperwork.
- b. Purchasing cards also may be used to pay conference registrations, lodging, meals, and other expenses for travel that has been approved as required by Board policy.

2. Issuance of Card

- a. Any employee who possesses or receives a purchasing card must complete the cardholder agreement shown at the bottom of these interim procedures.
- b. The Chief Finance Officer will maintain a copy of the cardholder agreement.

3. Use of Card

- a. A cardholder to whom a purchase card is issued is the only person authorized to make purchases with the card.
- b. The card does not supersede board policies, including those governing purchasing, reimbursement of travel expenses, and financial controls.
- c. When a purchase is made, the cardholder must obtain an itemized receipt.
- d. Purchases that are ordered online or otherwise must have an itemized detail receipt included with the shipped goods.
- e. The cardholder may be required to repay purchases for which the cardholder did not obtain a receipt. The Chief Finance Officer may waive isolated instances of failure to obtain a receipt.
- f. The purchase card should be kept in a locked location. Purchase cards should not be carried in a wallet or purse unless the holder is on a trip for school purposes that has been approved as required by Board policy.
- g. Purchases must comply with the pre-audit certificate requirement stated in G.S. 115C-441 according to procedures adopted by the Superintendent of Schools and the Chief Finance Officer.

4. Cardholder Reconciliation Procedures

- a. The cardholder must submit a "P-Card Summary Log" to the Chief Finance Officer each month, including copies of all receipts and a description of the school purpose for each expense.
- b. For travel expenses and other purchases that require the approval of a supervisor or the Board of Education, the P-Card Summary Log must document the required approval.

5. Card Security

- a. The cardholder is responsible for safeguarding the card and the account number.
- b. Loss of the card must be reported immediately to the issuing bank and to the Chief Finance Officer.

6. Purchase Limit

A card may not be used for any single purchase of more than \$1,000.00 without prior approval from the Chief Finance Officer.

7. Permissible Purchases

- a. Materials
- b. Equipment
- c. Office supplies
- d. Cleaning supplies
- e. Parts
- f. Travel expenses, including conference registrations, lodging, and meals, when approved as required by Board policy. Requests for travel expenses should include itemized estimates of the cost of the trip.

8. Prohibited Purchases

- a. Personal purchases
- b. Cash advances or reimbursements
- c. Meals, snacks, or beverage purchases, except for approved travel
- d. Memberships
- e. Electronics
- f. Information technology purchases, including subscriptions to online services
- g. Gasoline for vehicles
- h. Transactions split to avoid or circumvent the single purchase limit
- i. Fines or traffic tickets
- j. Gift cards

9. Consequences for Misuse

- a. The cardholder may be liable for the total dollar amount of unauthorized purchases plus administrative fees charged by the bank.
- b. The cardholder may be subject to termination of employment or other discipline.
- c. If fraud or misappropriation are detected, law enforcement will be notified.

These interim procedures were adopted effective _____ and will remain in effect under the Superintendent or Board adopt permanent procedures or policies.

PROCUREMENT/PURCHASING CARD USAGE AGREEMENT

I, _____, hereby accept a Nash-Rocky Mount Schools Procurement/Purchasing Card. As a cardholder, I certify that I have read, understood, and agreed to comply with all school district policies and procedures governing the use of procurement cards, including the following terms and conditions regarding my responsibility in the use of the card issued to me:

1. This procurement/purchasing card is provided based upon the need to purchase school related goods and services. It is for school-related purchases only; personal charges are not to be made to the card.
2. Cardholders must comply with internal control procedures in order to protect District assets. This includes keeping receipts, verifying the billing statement, and following proper card security measures.
3. Cardholders are expected to adhere to the responsibilities outlined in the District’s procurement card procedures.
4. Cardholders are expected to report a lost or stolen card immediately by telephone to the Chief Finance Officer. If a card is lost or stolen outside of normal working hours, immediately notify the bank and then notify the Chief Finance Officer on the next working day.
5. Improper use of the card may result in disciplinary action up to and including termination.
6. A cardholder must surrender the card upon termination of employment (i.e. retirement or voluntary/involuntary termination).
7. A cardholder must deal directly with the “authorized vendor” for any disputed transactions, including sales tax.

I have read this agreement, I understand the responsibilities that I will be assuming, and I agree to conform to the school district’s Procurement/Purchasing Card Procedures, which I have received and reviewed separately.

CARDHOLDER SIGNATURE

PRINT NAME

DATE

NASH-ROCKY MOUNT BOARD OF EDUCATION

Resolution Authorizing the Nash-Rocky Mount Public Schools to engage in electronic payments as defined by G.S. 115C-441;

WHEREAS, it is the desire of the Nash-Rocky Mount Board of Education that the Nash-Rocky Mount School District be authorized to engage in electronic payments as defined by G.S. 115C-441; and

WHEREAS, it is the responsibility of the Chief Finance Officer, who is appointed by the Nash-Rocky Mount Board and Education and serves at the pleasure of the Superintendent of Schools, to adopt a written procedures for pre-auditing obligations that will be incurred by electronic payments as required by NC Administrative Code 20 NCAC 03 .0409; and

WHEREAS, it is the responsibility of the Chief Finance Officer to adopt a written policy outlining procedures for disbursing public funds by electronic transaction as required by NC Administrative Code 20 NCAC 03 .0410;

NOW, THEREFORE, BE IT RESOLVED, by the Nash-Rocky Mount Board of Education as follows:

1. The Nash-Rocky Mount school administrative unit is authorized to engage in electronic payments as defined by G.S. 115C-441;
2. The Superintendent and Chief Finance Officer are authorized to develop and adopt procedures for preauditing obligations that will be incurred by electronic payments as required by NC Administrative Code 20 NCAC 03 .0409;
3. The Superintendent and Chief Finance Officer are authorized to adopt written procedures for disbursing public funds by electronic transaction as required by NC Administrative Code 20 NCAC 03 .0410; and
4. This resolution shall take effect immediately upon its passage.

Upon motion of _____, and seconded by _____, the foregoing Resolution was passed by the following vote:

Ayes: _____
Nays: None Abstentions: None

I, _____, Secretary to the Nash-Rocky Mount Board of Education, do hereby certify that the foregoing resolution is a true and exact copy of the "Resolution Authorizing the Nash-Rocky Mount Public Schools to engage in electronic payments as defined by G.S. 115C-441" duly adopted by the Board at the regular meeting thereof duly called and held on _____, a quorum being present.

STATE OF NORTH CAROLINA

NASH COUNTY

AFFIDAVIT OF JOYCE JARRETT

I, Joyce Jarrett, having been duly sworn, hereby state as follows:

I am a citizen and resident of Wake County, North Carolina. I am not a minor. I am under no legal disability. I am fully competent to make this Affidavit, and I give it based on my own personal knowledge.

2. I am employed by the Nash Board of Education as the Chief Financial Officer for the Nash County Public Schools (“the school system”). I have been in this position since July 11, 2019.

3. Shortly after joining the school system, I raised concerns about the school system’s use of procurement cards and began working with then-Interim Superintendent Del Burns to develop and implement the following significant changes to the use of procurement cards:

- We limited the number of procurement cards in use, reducing the total number from 20 cards to 5 cards. As part of this change, the superintendent no longer has the use of a personal procurement card.
- We reduced the individual transaction limit from \$75,000 to \$1,000, and reduced the monthly spending limit from \$75,000 or \$100,000 to \$5,000 per month.
- We implemented a process by which district staff may use a single corporate card held by myself in a locked file cabinet, which requires a written request and approval from the superintendent.
- We have continued to ensure that the monthly substantiation and approval for each credit card is complete and processed by the accounts payable analyst.

4. These procedures were implemented by August 31, 2019, and were presented to the Board of Education at its September 12, 2019, meeting. A summary of the new procedures,

as well as the written form request for use of the central office procurement card and the end-of-month substantiation form required to be submitted by all holders of credit cards, are attached to this affidavit as Exhibit 1.

5. These procedures continue to be in effect.

FURTHER, the affiant sayeth not.

This the 9th day of June, 2021.

Joyce E. Jarrett
Joyce E. Jarrett

STATE OF NORTH CAROLINA
NASH COUNTY

Sworn to or affirmed before me by

JOYCE E. JARRETT

this the 9th day of June, 2021.

Marilyn A. Foster
Notary Public

Marilyn A. Foster
(Print Notary Public Name)

MARILYN A. FOSTER
Notary Public
Nash County, NC

My Commission Expires: 6-24-2025

New Bank of America (BOA) P-Card Policy (Summary)

Effective 8/31/2019

CARDHOLDERS

Previous	Current
20 cardholders	5 cardholders

INDIVIDUAL TRANSACTION LIMIT

Previous	Current
\$75,000	\$1,000
	Cannot split transaction to circumvent policy

CURRENT

5 BOA Card Holders:

Shannon Davis	Maintenance Department
Sarita Lamm	Nash Board of Education expenses
Tremaine McQueen	Technology Department
Sheila Wallace	Federal
Joyce E. Jarrett	Corporate Card (Per request)**

****1 BOA card stored (locked in a file cabinet) in the Executive Director of School Finance's office:**

- Staff will obtain approval from the Interim Superintendent for all travel, professional development, payment of membership fees, etc.
- After approval from the Superintendent, the finance staff will use the corporate card to process payment. The card will be used only if the company cannot take payment via check.
- Departments requesting to use the Corporate card must complete **The Request to Use District BOA Credit Card Form**, attach the required receipts and obtain written approval (signatures) before COB on the day the card is used.

Monthly Substantiation and Approval

- Original detailed receipts are required for each transaction reflected on the credit card statement.

Cardholder Responsibilities:

- A P-Card Substantiation Report must be completed monthly. The original detailed receipts and the monthly credit card statement are to be attached to the completed P-Card Substantiation Report. The Cardholder signs the completed P-Card Substantiation Report and forwards to the CFO for review and approval (signature approval). Once approved, the package is delivered to the Superintendent for review and approval

(signature approval). The F-Card Substantiation Report and all applicable receipts are delivered to A/P for processing to record the transaction to the correct expense account as well as the reduction in the appropriate checking account (by funding source) for the total amount charged to the BOA credit card.

Nash-Rocky Mount Public Schools Procurement Card Program Changes		
	Previous	Effective 8/31/2019
Purchase Limit	\$75,000.00 per transaction	\$1,000.00 per transaction
Monthly Spending Limits	\$75,000.00 - \$100,000.00	\$5,000.00 (May be increased with prior approval from Superintendent and CFO)
Permissible Purchases	Instructional supplies, office supplies, food, film developing.	Materials(includes instructional supplies), equipment, office supplies, cleaning supplies, parts
	Travel in accordance with the Travel Procedures of Nash-Rocky Mount Public Schools. (Pre-approval)	Travel must be approved as required by Board policy. (Pre-approval)
	Conference registrations, lodging, meals, gas, rental cars	Conference registrations, lodging, meals (over night stay required)
Prohibited Purchases	Meals while traveling in area	Meals, snacks or beverage purchases, except for approved travel
	Personal purchases or identification	Personal purchases or identification
	A single purchase that exceeds the cardholder's single purchase limit	Transactions split to avoid or circumvent the single purchase limit
	Cash Advances	Cash Advances
	Gift cards	Gift cards
	Contractor payments	Contractor/vendor payments
	Gasoline for personal vehicles	Gasoline for personal vehicles
		Memberships
		Electronics
		Information technology purchases, including subscriptions to online services
	Fines or traffic tickets	

NASH COUNTY PUBLIC SCHOOLS

Request to Use District BOA Credit Card

Date of Request: _____

Requestor Name: _____

Specific Reason For Request:

Vendor Name: _____

Dollar Amount Charged to Credit Card: _____

Budget Code: _____

By signing below, I certify that I am authorized to request the transaction listed above and that the charge is being made in accordance with the Nash Board of Education policy. I agree to keep all credit card information confidential, to include receipts, and will provide a signed receipt for the charge referenced above at the time the purchase is made. Original receipts should be taped to the back of this form or on a separate 8.5x11 sheet of paper.

Employee Signature: _____

Date: _____

Director Signature: _____

Date: _____

*Executive Director of School Finance Signature: _____

Date: _____

Superintendent Signature: _____

Date: _____

*This instrument has been pre-audited in the manner required by the School Budget and Fiscal Control Act.

Nash County Public Schools P - Card Summary Log

Month: _____

Cardholder Name: _____

Date: _____

School/Dept.: _____

DETAILS								
<u>Date</u>	<u>Vendor</u>	<u>PO#</u>	<u>Purpose/Justification</u>	<u>Budget Code</u>	<u>Subtotal</u>	<u>Shipping/Freight</u>	<u>Tax</u>	<u>Total</u>
Totals:								

*** Personal use of this card is prohibited.***

Completed By: _____

Cardholder's Signature: _____ Date: _____

Supervisor's Signature: _____ Date: _____

Finance Officer (or Designee) Signature: _____ Date: _____

Superintendent (or Designee) Signature: _____ Date: _____

*Bank Card Statement must be attached
Receipts for ALL documentation must be attached
Ensure that the Summary Form balances with the Bank Card Statement*

*****Complete this form, attach to bank card statement and submit all to the Accounting Office with all receipts *****

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

Telephone: 919-807-7500
Facsimile: 919-807-7647
Internet: <http://www.auditor.nc.gov>



To report alleged incidents of fraud, waste or abuse in state government contact the
Office of the State Auditor Fraud Hotline:

Telephone: 1-800-730-8477

Internet: <http://www.auditor.nc.gov/pub42/Hotline.aspx>

For additional information contact the
North Carolina Office of the State Auditor at:
919-807-7666



This investigation required 671 hours at an approximate cost of \$69,062.