

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

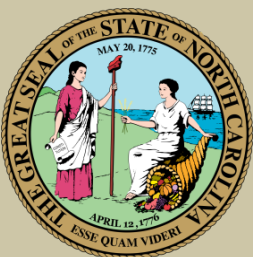
BETH A. WOOD, CPA



JOHNSTON COUNTY SHERIFF'S OFFICE

SMITHFIELD, NORTH CAROLINA

INVESTIGATIVE REPORT
FEBRUARY 2022



NCOSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor received four allegations concerning the Johnston County Sheriff's Office (Sheriff's Office) through its Hotline and initiated an investigation of these allegations.

BACKGROUND

The Sheriff's Office is responsible for operating and maintaining the county jail, providing courthouse security, serving civil and criminal documents, conducting evictions, seizing property or money as ordered by the courts, and pursuing and arresting fugitives from legal actions taken through the courts.

The Johnston County Sheriff is an elected official and serves a four-year term.¹ The current Sheriff was elected in 1998 and is serving his sixth term.²

KEY FINDING

The Johnston County Sheriff's Office made purchases totaling \$262,009 without obtaining the required written quotes in violation of the Johnston County Purchasing Policy (Purchasing Policy).

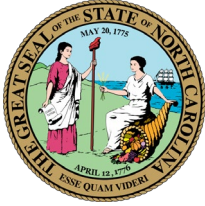
KEY RECOMMENDATIONS

- The Johnston County Board of Commissioners should enforce the Purchasing Policy to ensure competitive prices are obtained for all purchases greater than \$7,500.
- The Sheriff's Office should obtain at least three written quotes for all purchases greater than \$7,500 in accordance with the Purchasing Policy.
- The Sheriff's Office should notify the Finance Director via email when an emergency purchase is being made that exempts the purchase from requiring at least three written quotes.
- The Sheriff's Office should ensure that all purchases that are deemed emergency purchases meet the definition of emergency purchases as defined in the Purchasing Policy and include this justification in the notification to the Finance Director.

¹ North Carolina General Statutes §162-1.

² https://www.johnstonnc.com/sheriffs_office/content.cfm?page_desc=meet.

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
Steve Bizzell, Sheriff, Johnston County

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 the Johnston County Sheriff's Office. 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 the Johnston County Sheriff's Office during our investigation.

Respectfully submitted,

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

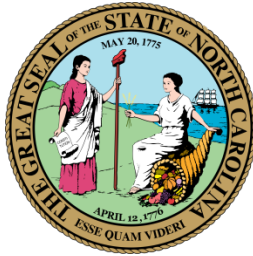
Beth A. Wood, CPA
State Auditor



Beth A. Wood, CPA
State Auditor

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BACKGROUND

The Office of the State Auditor received four allegations concerning the Johnston County Sheriff's Office (Sheriff's Office) through its Hotline and initiated an investigation of these allegations.

Our investigation of these allegations included the following procedures:

- Review of Johnston County's policies and North Carolina Statewide Term Contracts.^{3,4}
- Examination and analysis of available documentation related to the allegations.
- Interviews with personnel from the Sheriff's Office and Johnston County.

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

The Sheriff's Office is responsible for operating and maintaining the county jail, providing courthouse security, serving civil and criminal documents, conducting evictions, seizing property or money as ordered by the courts, and pursuing and arresting fugitives from legal actions taken through the courts.

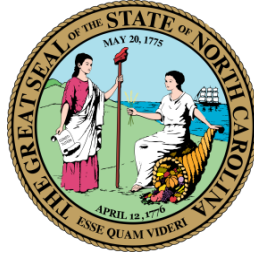
The Johnston County Sheriff is an elected official and serves a four-year term.⁵ The current Sheriff was elected in 1998 and is serving his sixth term.⁶

³ A Statewide Term Contract is an agreement with specific vendors for state agencies and local governments to purchase specific goods and/or services, at a precise price or discount, during a defined period of time.

⁴ These include Statewide Term Contract 070-A – Vehicles (Passenger, Truck, Van, SUV & **Law Enforcement**) and Statewide Term Contract 680A – Ammunition & Firearms. Local governments can take advantage of statewide term contracts.

⁵ *North Carolina General Statutes §162-1*.

⁶ https://www.johnstonnc.com/sheriffs_office/content.cfm?page_desc=meet.



FINDING AND RECOMMENDATIONS

THE JOHNSTON COUNTY SHERIFF'S OFFICE MADE PURCHASES TOTALING \$262,009 WITHOUT OBTAINING THE REQUIRED WRITTEN QUOTES

The Johnston County Sheriff's Office (Sheriff's Office) purchased vehicles and gas masks totaling \$262,009 without obtaining at least three written quotes, in violation of the Johnston County Purchasing Policy (Purchasing Policy). As a result, the Sheriff's Office potentially overpaid for these items.

According to the Johnston County Sheriff (Sheriff), the Sheriff's Office violated the Purchasing Policy because the Sheriff considered these purchases to be emergency purchases. In addition, the Sheriff stated that he wanted to purchase locally.

However, the Purchasing Policy does not allow for purchasing locally instead of obtaining three written quotes. The Purchasing Policy requires that at least three written quotes be obtained for any purchase over \$7,500.

Purchases Made in Violation of County Policy

From January 2019 through April 2020, the Sheriff's Office purchased equipment totaling \$262,009 without following the purchasing and bidding requirements required by the Purchasing Policy.

Specifically, seven vehicles totaling \$250,049 and 40 gas masks totaling \$11,960 were purchased without the Sheriff's Office obtaining the required three written quotes.

Vehicles

The Sheriff's Office purchased the following vehicles without obtaining three written quotes:

Invoice Date	Make/Model	Year	Price
2/8/2019	Chevrolet Tahoe	2019	\$48,200
6/11/2019	Ford Taurus	2018	25,500
12/6/2019	Ford Taurus	2018	21,500
1/2/2020	Ford F-250	2020	37,949
4/14/2020	Chevrolet Tahoe	2020	38,300
4/14/2020	Chevrolet Tahoe	2020	38,800
4/14/2020	Chevrolet Tahoe	2020	39,800
		Total	\$250,049

According to the Sheriff, although quotes were not obtained, research was performed to determine the best price. However, the Sheriff could not provide any documentation to support his statement that the research was, in fact, done. Further, this alleged research does not take the place of written quotes.

The Sheriff stated that he did not keep any documentation because “if I can’t be trusted as the Sheriff, who can you trust?”

Gas Masks

The Sheriff’s Office purchased 40 gas masks totaling \$11,960⁷ from a police supply store without obtaining three written quotes.

According to the Sheriff, research was performed via the internet to determine the best price for the masks. However, the Sheriff could not provide any documentation to support his statement that the research was, in fact, done. Further, internet research does not take the place of written quotes.

Resulted in Potential Overpayment

As a result of the Sheriff’s Office not obtaining three written quotes, the Sheriff’s Office may have paid more than necessary for these vehicles and gas masks. The potential additional funds spent on these purchases could have been used for other Sheriff’s Office purposes.

The Purchasing Policy indicates that the objective of obtaining the three written quotes is to “receive maximum value for each dollar spent by awarding purchase orders for equipment, apparatus, supplies, and construction to the lowest responsible, responsive bidder...”

Purchases Made as “Emergency Purchases”

According to the Sheriff, three of the vehicles and the gas masks were bought as “emergency purchases.”

The Purchasing Policy allows for emergency purchases when “...such is required to protect the health and/or safety of County employees and the citizens of Johnston County...when normal purchasing procedures are inadequate or impossible.”

In response to our inquiries, the Sheriff stated that the deadline had passed to order the three 2020 Chevrolet Tahoes directly from the factory when the Sheriff’s Office decided to buy them, and that a local dealership had to locate the vehicles on other dealer lots in order to fill the Sheriff’s Office’s order. According to the Sheriff, he considered it an emergency, because it was “impossible to order these vehicles.” However, the Sheriff’s reason to consider ordering these vehicles an emergency is not covered in the Purchasing Policy.

For the gas masks, the Sheriff cited a period of “rioting and civil unrest” as the emergency for which the gas masks were purchased. No details or evidence was provided by the Sheriff about the rioting, despite our request for this documentation. These gas masks were purchased in January 2019.

⁷ The cost of each mask was \$299.

The Purchasing Policy states that the Sheriff, as the Department head, can determine if an emergency purchase is necessary. However, in such cases, the Department head **must notify the Finance Director of the emergency purchase by email. Procrastination or failure to properly plan for purchases is not considered an emergency.**

The Sheriff did not notify the Finance Director by email that these purchases were considered emergency purchases. He stated that he notified the Finance Director by phone, but no documentation was provided related to that phone call.

Also Caused By Desire to “Keep Tax Dollars Local”

According to the Sheriff, when making purchases, the Sheriff’s Office tries to “keep tax dollars local when [they] can.” Therefore, the other four vehicles purchased without the appropriate bids were made at the local dealership.

However, the Purchasing Policy does not require that purchases be made locally. In addition, desiring to “keep tax dollars local” does not change the fact that the Purchasing Policy requires three written quotes for purchases between \$7,500-\$89,999.99. These quotes were not obtained.

When asked if it was a violation of policy not to obtain quotes, the Finance Director stated, “this is not typical of what we do in finance; however, sometimes we don’t require three quotes if it is difficult to obtain those or we don’t get but two quotes back and if it’s an emergency situation.” He further stated that, in the case of these four vehicles, it was not “feasible” to obtain the required written quotes. However, he did not explain why it was not feasible.

Purchasing vehicles locally may not be in the best interest of County taxpayers because buying vehicles locally may not always result in the lowest purchase price.

Purchasing Policy Requires Three Written Quotes

The Purchasing Policy states, “purchases between \$7,500 and \$89,999.99 must have at least three written quotes from vendors.”

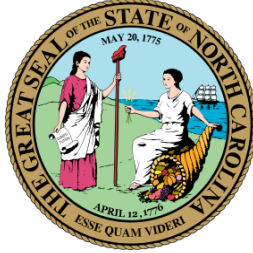
RECOMMENDATIONS

The Johnston County Board of Commissioners should enforce the Purchasing Policy to ensure competitive prices are obtained for all purchases greater than \$7,500.

The Sheriff’s Office should obtain at least three written quotes for all purchases greater than \$7,500 in accordance with the Purchasing Policy.

The Sheriff’s Office should notify the Finance Director via email when an emergency purchase is being made that exempts the purchase from requiring at least three written quotes.

The Sheriff’s Office should ensure that all purchases that are deemed emergency purchases meet the definition of emergency purchases as defined in the Purchasing Policy and include this justification in the notification to the Finance Director.



STATE AUDITOR'S RESPONSE

The Office of the State Auditor (OSA) strives to provide reports with complete and accurate information to the Governor, the General Assembly, and the citizens of North Carolina. When the response of an auditee potentially **obscures** an issue, **misleads** the reader, or **minimizes** the importance of auditor findings and recommendations, OSA provides clarifications regarding the auditee's response.

In their response to this investigative report, the Johnston County Sheriff's Office (Sheriff's Office) made several statements that may **obscure** the issue, **mislead** the reader, and **minimize** the importance of OSA's finding and recommendations. To ensure complete and accurate information, OSA offers the following clarifications.

Deviations from Purchasing Policy

In the response from the Sheriff's Office, they stated, "The Johnston County Sheriff's Office, although according to the decisions of the North Carolina Supreme Court, neither a department nor program of county government, ordinarily adopts and complies with the policies of the County of Johnston, particularly its purchasing policy." While a North Carolina Supreme Court ruling⁸ did state that the Sheriff's Office was "not a program or department of a county," the ruling was focused on the fact that sheriff offices' employees are not county employees. The ruling **did not** address whether sheriff offices are exempt from county policies.

The Sheriff's Office **did not** provide any documentation to OSA to demonstrate that they were excluded from the Johnston County Purchasing Policy (Purchasing Policy). In fact, **the Sheriff's Office is specifically mentioned in the Purchasing Policy.**

Also, in their response, the Sheriff's Office stated they provided "notice and justifications to the county manager and county finance [director]" for deviations from the Purchasing Policy. **This is misleading.** According to the Finance Director, the notifications regarding these emergency purchases were made via a phone call. However, the Purchasing Policy states that the Finance Director must be notified of the emergency purchase **through email**. The Sheriff's Office **did not provide documentation for any notifications, including emails**, sent to the Finance Director.

Gas Masks Purchase

In their response, the Sheriff's Office stated that the gas masks were purchased as "urgently necessary equipment in light of **anticipated** incidents of civil unrest..." However, these gas masks were purchased in January 2019 and the Sheriff's Office, after several requests during interviews and through email, **did not provide support or documentation of any civil unrest that occurred in 2019.**

Vehicles Purchase

In their response, the Sheriff's Office stated that "as a result of **pandemic conditions and supply shortages, beginning in 2019 and 2020** and following, the law enforcement agencies began to experience an inability to receive responsive bids..." **This is misleading.**

The **pandemic did not begin in the United States until mid-March 2020** and the **vehicles were purchased from February 2019 – April 2020** (see chart on page 2 of the report).

⁸ North Carolina Supreme Court, Young v. Bailey, 368 N.C. 665, 781 S.E.2d 277.

In their response, the Sheriff's Office stated that they experienced "an inability to receive responsive bids" due to vehicles being unavailable. However, the Sheriff's Office **did not provide any documentation to support that they contacted other dealerships to obtain written quotes for the three 2020 Chevrolet Tahoes**. The Sheriff told investigators that the cutoff for ordering the 2020 model had expired so they requested the local dealership find three 2020 Chevrolet Tahoes for them. The local dealership was able to purchase these vehicles from three different dealerships.

The fact that the local dealership was able to purchase these vehicles from *other* dealerships **contradicts the Sheriff's explanation** that he would have experienced "an inability to obtain responsive bids" from other dealerships.

In their response, the Sheriff's Office stated that there was a "substantial, immediate need for the vehicles." However, the Sheriff's Office **did not provide documentation to support their immediate need for the specific Chevrolet Tahoes they purchased**.

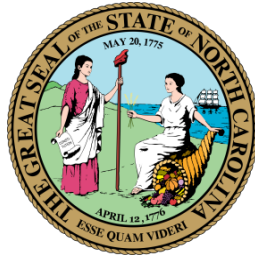
In their response, the Sheriff's Office stated that internet research was conducted to obtain the lowest possible price for the vehicles. However, the Sheriff's Office **did not provide documentation to support this research was conducted**. Further, **this alleged research does not take the place of written quotes**. Without obtaining quotes, the Sheriff's Office would not have been able to verify that they were receiving the lowest possible price.

In their response, the Sheriff's Office stated that their office "attempts to spend money locally." However, **spending money locally is not a requirement of the Purchasing Policy and does not guarantee the lowest purchasing price**.

In their response, the Sheriff's Office stated that going forward they will seek at least three written quotes for purchases greater than \$7,500.00 as **contemplated** in the Purchasing Policy. However, the Purchasing Policy **requires** these written quotes.

In their response, the Sheriff's Office stated that the County Manager and Finance Director have verified that the Sheriff's Office "always sought to save taxpayer money and has always worked hard to make purchases in the best and proper way." However, the Sheriff's Office **did not provide documentation that this verification took place**.

Again, OSA provided this clarifying information to ensure that this report provides **complete and accurate** information to the Governor, the General Assembly, and the citizens of North Carolina since the response from the Johnston County Sheriff's Office included several statements that may **obscure** the issue, **mislead** the reader, and **minimize** the importance of OSA's finding and recommendations.



RESPONSE FROM JOHNSTON COUNTY



County Attorney
(919) 989-5100
FAX (919) 989-5179

February 10, 2022

The Honorable Beth A. Wood, State Auditor
State of North Carolina
Office of the State Auditor
20601 Mail Service Center
Raleigh, NC 27699-0600

Re: Johnston County Sheriff's Office Investigative Report Dated January 2022

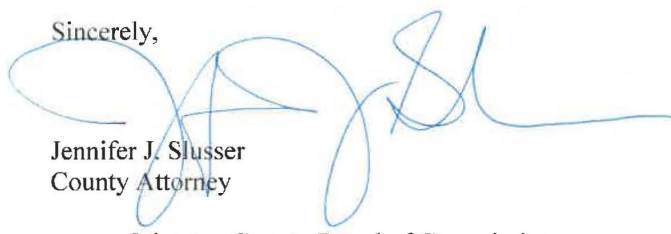
Dear Auditor Wood,

I serve as the County Attorney for Johnston County and am writing to you on behalf of the Johnston County Board of Commissioners (sometimes referred to as "the Board") regarding the Office of State Auditor's Investigative Report dated January 2022 ("Report"). The Johnston County Board of Commissioners appreciates the opportunity to comment on the Report. This letter constitutes the Board's formal response. The Board acknowledges and accepts the findings and recommendations of the Report.

The Johnston County Board of Commissioners appreciates the cooperation of the Johnston County Sheriff with the Office of State Auditor's review. Having reviewed this matter, the Board believes when the Sheriff purchased vehicles and gas masks for the Sheriff's Office he was acting in good faith seeking to save taxpayer money while obtaining vehicles and equipment necessary to serve the citizens of Johnston County. Even so, the Board understands, respects, and accepts the findings of the Office of State Auditor. The following actions have been taken to correct the deficiencies found in the Report. The Board supports the Sheriff's directive to follow the key recommendations to the Sheriff's Office contained within the Report. The Johnston County Board of Commissioners will enforce the County's Purchasing Policy to ensure competitive prices are obtained for all purchases greater than \$7,500.00. In order to ensure this key recommendation to the Johnston County Board of Commissioners is met, supporting documentation will be required with purchase requisitions.

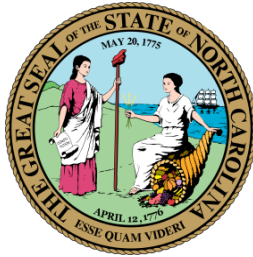
The Board appreciates the diligence and professionalism with which the State Auditor performed this review and for the recommendations provided to Johnston County. The Johnston County Board of Commissioners and the Johnston County Sheriff will continue to ensure that they are proactive stewards of the funds with which they have been entrusted.

Sincerely,



Jennifer J. Slusser
County Attorney

cc: Johnston County Board of Commissioners



RESPONSE FROM THE JOHNSTON COUNTY SHERIFF'S OFFICE

STEVE BIZZELL
SHERIFF

Johnston County Sheriff's Office

120 SOUTH THIRD STREET
P.O. BOX 1809
SMITHFIELD, NC 27577
(919) 989-5010
FAX: (919) 989-5039

December 17, 2021

Office of the State Auditor
Attn: Beth A. Wood, CPA
State Auditor
20601 Mail Service Center
Raleigh NC 27699-0600

Dear Ms. Wood:

SUBJECT: 2021 Audit Response

The Johnston County Sheriff's Office, although according to the decisions of the North Carolina Supreme Court, neither a department nor program of county government, ordinarily adopts and complies with the policies of the County of Johnston, particularly its purchasing policy. Where there are deviations from the County purchasing policy, the Sheriff's Office has compelling reasons for that divergence, and works closely with and provides notice and justifications to the county manager and county finance officer for doing so.

In regard to the matters raised in this inquiry, however, the Johnston County Sheriff's Office acknowledges the key findings and key recommendations. During the period from 2019 until 2020, the Sheriff's Office purchased urgently necessary equipment (gas masks) in light of anticipated incidents of civil unrest and the corresponding risk of harm to deputies in being exposed to lawfully used tear gas as well as being exposed to improvised smoke devices used against the officers and other gasses as they were deployed to protect citizens' life and property.

Also, as a result of the pandemic conditions and supply shortages, beginning in 2019 and 2020 and following, the law enforcement agencies began to experience an inability to receive responsive bids for the sale and purchase of vehicles urgently needed to provide law enforcement services. Because such vehicles were unavailable and many dealers declined or were unable to offer vehicles for sale or to respond to requests for competitive bidding participation.

As a result of these circumstances, the Sheriff's Office conducted Internet research as well as making personal inquiry as to the lowest possible price at which to purchase the needed vehicles and equipment. As a result, the Johnston County Sheriff's Office ultimately located the vehicles that it needed to purchase and was able to do so, well below the suggested retail and market price. Because of the substantial, immediate need for the vehicles and the likelihood that they would no longer be available if not purchased without delay.

Office of the State Auditor

Attn: Beth A. Wood, CPA

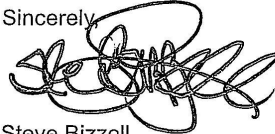
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The Sheriff's Office consistently refuses to spend taxpayer money unless it can do so at the lowest price, and when practicable, attempts to spend the money locally in order to benefit local businesses, the taxpayers and the county government. In these instances, though, the circumstances did not support getting three bids, and the purchases were made without the three bids for the reasons expressed in this response and in an effort to get the needed gas masks and vehicles at the lowest price for these things that the Sheriff's Office likely would not have been able to obtain and certainly not at that low price.

Still, the Sheriff has issued a directive that going forward the Sheriff's Office will seek at least three written quotes for purchases greater than \$7,500.00 as contemplated in the purchasing policy; the Sheriff's Office will continue to notify the Finance Director for Johnston County when an emergency purchase is being made, which exempts the need to obtain three written bids, and will do so in writing; and the Sheriff's Office will ensure that purchases which are deemed to be emergency purchases as defined under the Johnston County purchasing policy, and provide the justification in the notification to the Finance Director.

The Sheriff's Office has, as the County Manager and the Finance Director have verified, always sought to save taxpayer money and has always worked hard to make purchases in the best and proper way, and will do so in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Bizzell', with a stylized, cursive script.

Steve Bizzell
Sheriff of Johnston County

SB/ldn

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

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Office of the State Auditor Fraud Hotline:

Telephone: 1-800-730-8477

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

