

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

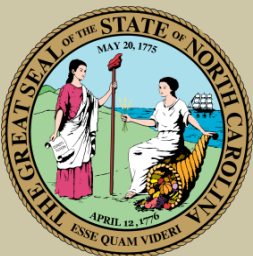
BETH A. WOOD, CPA



GUILFORD COUNTY SCHOOLS

GREENSBORO, NORTH CAROLINA

INVESTIGATIVE REPORT
MAY 2023



NCOSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The North Carolina Office of the State Auditor initiated an investigative audit in response to four allegations received regarding Guilford County Schools' (School System) vehicles. These allegations included the personal use of School System vehicles.

BACKGROUND

The School System, whose central office is located in Greensboro, North Carolina, is the third largest school system in North Carolina. It serves nearly 70,000 students across 126 schools. The School System's mission is to ensure its students will graduate as responsible citizens prepared to succeed in the career of their choice.

The Building Services Department (Department) has 116 employees and is responsible for maintaining all School System buildings and grounds. The Senior Executive Director for Facilities and Maintenance (Senior Executive Director) mentioned in this report oversees the Department. The Senior Executive Director is responsible for the work of directors within the Department. These directors report directly to the Senior Executive Director.

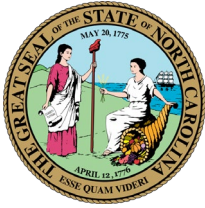
KEY FINDING

Investigators were unable to determine if the Department vehicles included in the allegation were used for personal use because the Department did not maintain documentation of vehicle usage.

KEY RECOMMENDATION

The Senior Executive Director should develop and implement procedures to monitor the use of all vehicles assigned to the Department, including, but not limited to, procedures that require documentation of the business purpose of the use of Department vehicles.

STATE OF NORTH CAROLINA
Office of the State Auditor



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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Members of the Guilford County Board of Education
Dr. Whitney Oakley, Superintendent

Ladies and Gentlemen:

Pursuant to North Carolina General Statutes § 147-64.6(c)(16) and 147-64.6B, we have completed an investigative audit of allegations concerning Guilford County Schools. The results of our investigative audit, 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 N.C.G.S. § 147-64.6(c)(12). We appreciate the cooperation received from the management and employees of Guilford County Schools during our investigative audit.

Respectfully submitted,

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

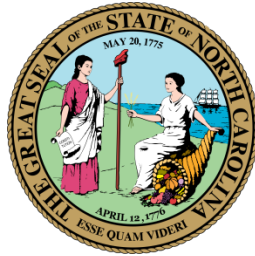
Beth A. Wood, CPA
State Auditor



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BACKGROUND

The North Carolina Office of the State Auditor initiated an investigative audit in response to four allegations received regarding Guilford County Schools' (School System) vehicles. These allegations included the personal use of School System vehicles.

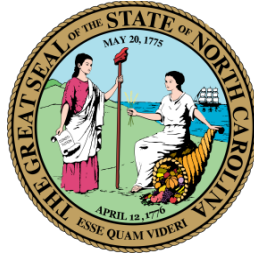
Our investigative audit procedures included:

- Review of the School System's vehicle procedures.
- Examination and analysis of available documentation related to the vehicles.
- Interviews with School System personnel.

This report presents the results of the investigative audit. The investigative audit was conducted pursuant to North Carolina General Statutes § 147-64.6(c)(16) and §147-64.6B. This report does not constitute an audit or attestation engagement conducted in accordance with generally accepted government auditing standards.

The School System, whose central office is located in Greensboro, North Carolina, is the third largest school system in North Carolina. It serves nearly 70,000 students across 126 schools. The School System's mission is to ensure its students will graduate as responsible citizens prepared to succeed in the career of their choice.

The Building Services Department (Department) has 116 employees and is responsible for maintaining all School System buildings and grounds. The Senior Executive Director for Facilities and Maintenance (Senior Executive Director) mentioned in this report oversees the Department. The Senior Executive Director is responsible for the work of directors within the Department. These directors report directly to the Senior Executive Director.



FINDINGS AND RECOMMENDATIONS

No Documentation Available to Determine Personal Use of Vehicles

The North Carolina Office of the State Auditor (OSA) received allegations that three vehicles assigned to the Guilford County Schools' (School System) Building Services Department (Department) were being used for personal use. Investigators were unable to determine if the Department vehicles were used for personal use because the Department did not require or maintain any documentation of vehicle use.

As a result of not requiring or maintaining documentation of vehicle use, the Department does not know if these vehicles were used for personal use.

The Department did not maintain any documentation of vehicle use because the Senior Executive Director for Facilities and Maintenance (Senior Executive Director) failed to develop and implement procedures requiring documentation of vehicle use, such as documentation of miles driven and the business purpose of the vehicle use.

The School System's *Vehicle Procedures* Policy (Policy) stated that School System vehicles are **not** to be used for personal use at any time and required internal procedures to control vehicle use.

No Documentation of Vehicle Use

The OSA received allegations that three vehicles assigned to the Department were being used for personal use.

Investigators were unable to determine if the Department vehicles were used for personal use because the Department had no documentation of the miles driven, locations traveled to, or business purposes of the travel for the three vehicles.

The three vehicles included in the allegations were:

- One Chevrolet Tahoe assigned to the Senior Executive Director.
- One Ford Explorer assigned to the Director of Maintenance and Operations.
- One Nissan Pathfinder assigned to the Director of Health and Safety, Custodial Services, and Logistics.

Resulted In No Assurance That Vehicles Were Not Used for Personal Use

As a result of not requiring or maintaining documentation of vehicle use, the Department does not know if the three vehicles included in the allegation were used for personal use. Additionally, investigators were unable to determine if Department vehicles were used for personal use.

Caused by the Failure to Develop and Implement Procedures

The Senior Executive Director failed to develop and implement procedures requiring documentation of vehicle use, such as maintaining documentation of miles driven and the business purpose, to ensure the vehicles were not used for personal use.

School System Policy and Best Practices Required Management to Establish Procedures for Vehicle Use

The School System's *Vehicle Procedures* Policy (Policy) stated that School System vehicles are **not** to be used for personal use at any time. The Policy also required internal procedures to control vehicle use.

Additionally, best practices identified by the Government Accountability Office (GAO)¹ required Department management to develop, implement, and effectively operate a system of internal controls to detect violations of School System policies.

Specifically, the GAO states that:

Management establishes processes to evaluate performance against the entity's expected standards of conduct and address any deviations in a timely manner.

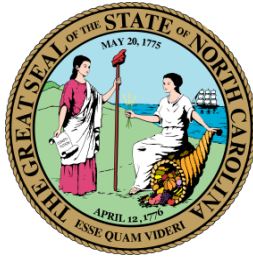
Utilizing vehicle travel logs is an example of an effective internal control to monitor vehicle use, identify misuse, and correct violations of the Policy that prohibited personal use of school vehicles.

RECOMMENDATIONS

The Senior Executive Director should develop and implement procedures to monitor the use of all vehicles assigned to the Building Services Department, including, but not limited to, procedures that require documentation of the business purpose of the use of Department vehicles.

The School System's Superintendent should ensure that the Senior Executive Director develops and implements procedures to monitor the use of all vehicles assigned to the Building Services Department.

¹ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014.



MATTER FOR FURTHER CONSIDERATION

During an investigative audit, the Office of the State Auditor staff may uncover potential issues that are outside of the allegations received. Although the issues may not have been part of the original allegations, the issues need to be presented to those charged with governance and relevant stakeholders. Below is one such issue.

NO DOCUMENTATION OF VEHICLE USE

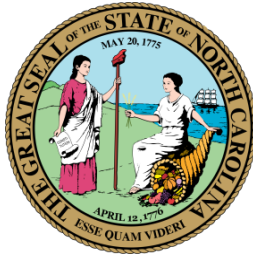
The Guilford County Schools' (School System) Building Services Department (Department) should develop and implement procedures to document the use of all vehicles assigned to the Department. Documentation should include the miles driven, locations traveled to, and business purposes of the travel.

During the investigation of allegations received, investigators discovered that the Department did not have documentation of the miles driven, locations traveled to, and business purpose for any of the 120 vehicles assigned to the Department.²

The School System's *Vehicle Procedures* Policy (Policy) stated that internal procedures were required to control vehicle use, such as prohibiting personal use of vehicles.

However, the Senior Executive Director failed to develop and implement procedures, such as maintaining documentation of miles driven and the business purpose, to ensure the vehicles were not used for personal use.

² There are 120 vehicles assigned to the Department. Three of the vehicles were discussed in the finding.



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, the citizens of North Carolina, and the stakeholders of Guilford County Schools (School System).

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 School System made statements that may mislead the reader.

To ensure complete and accurate information, OSA offers the following clarifications.

No Documentation Available to Determine Personal Use of Vehicles

In the response to the finding related to no documentation being available to determine personal use of vehicles, the School System stated:

To be clear, there was no evidence that the vehicles were used inappropriately at any time by any employee.

The School System's statement is misleading.

As clearly stated in the report, there was no way to determine if the vehicles were used for personal use because there was no documentation to support the business purpose for the miles driven and the locations traveled to for the three vehicles included in the allegation.

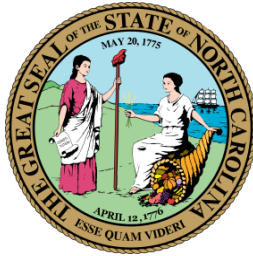
The School System also stated:

All three of the directors are aware of and abide by the policy and there is no evidence to the contrary.

Again, the School System's statement is misleading.

Without documentation to support the business purpose for the miles driven and the locations traveled to, there was no way to determine if the Directors were following the School System's policy regarding vehicle use.

Again, OSA provides this clarifying information to ensure that this report provides complete and accurate information to the Governor, the General Assembly, the citizens of North Carolina, and the stakeholders of the School System.



RESPONSE FROM GUILFORD COUNTY SCHOOLS

Deena A. Hayes | Chairperson, Board of Education
Whitney Oakley, Ed.D. | Superintendent



Please accept this response on behalf of the Guilford County Schools to the report of the North Carolina State Auditor. The Report requests a response to one finding, which is that there were no records documenting whether or not three vehicles in the fleet of GCS vehicles were used solely for business purposes. To be clear, there was no evidence that the vehicles were used inappropriately at any time by any employee.

GCS maintains a fleet of vehicles for the Building Services Department, and three of those vehicles were assigned for the business use by the Senior Executive Director of Facilities and Maintenance, the Director of Maintenance and Operations and the Director of Health and Safety, Custodial Services and Logistics. GCS had a procedure in place, a copy of which is attached hereto as Attachment 1, which governed the use of GCS owned vehicles. That procedure has been amended to include periodic monitoring of the use of the vehicles.

All three of the directors are aware of and abide by the policy and there is no evidence to the contrary. Additionally, all three vehicles are currently equipped with GPS tracking devices and the reports of the use of those vehicles will be reviewed for compliance with the procedures for acceptable use of the GCS vehicles. The reports, which have been reviewed by the State Auditor related to many other users but were not yet installed on the three vehicles in question when the auditors visited GCS, provide sufficient information to allow the vehicle use to be monitored for appropriateness. The procedures have been updated to require periodic monitoring of the use of the vehicles.

GCS endorses and supports the use of best practices regarding the precious resources of the public schools, and believes that it has developed reasonable and responsible ways to assure that its vehicles are used appropriately and for the purposes for which they are intended. We appreciate the suggestions and guidance of the auditors that worked with us and will continue to preserve and protect our assets.

Deena A. Hayes

Deena A. Hayes, Chair, District 8

Bettye T. Jenkins

Bettye T. Jenkins, Vice-Chair, District 7

T. Dianne Bellamy Small

T. Dianne Bellamy Small, District 1

Crissy Pratt

Crissy Pratt, District 2

Linda Welborn

Linda Welborn, District 4

Confirmed via phone

Deborah Napper, District 5

Khem Irby

Khem Irby, District 6

Alan Sherouse

Alan Sherouse, At-Large

712 N. Eugene Street | Greensboro, NC 27401 | P 336.370.8100

Guilford County Schools administers all educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, marital status, parental status, or gender, except where exemption is appropriate and allowed by law.

**Guilford County Schools (GCS) Operations Departments Vehicles
Procedures for Use of Vehicles
Effective April 18, 2023**

I. DEFINITIONS

- A. GCS Staff Vehicle - Office** is a staff vehicle permanently assigned to a designated employee or a department (i.e.: maintenance), for GCS purposes during regular duty hours. Staff vehicles-office will not be taken home on a regular basis.
- B. GCS Staff Vehicle - Individual** is a staff vehicle permanently assigned to a designated employee whose GCS assignments require that the vehicle be taken home during off-duty hours in order to be used for GCS purposes. GCS complies with Internal Revenue Service (IRS) regulations for personal commuting using these vehicles.
- C. A frequent-emergency use** is defined as unexpected work-related accidents or incidents that occur several times per month during off-duty hours that require the employee's attention and use of a vehicle to provide that attention. Examples of such accidents or incidents are major water leaks or no heat in buildings.

II. PROCEDURES

A. Responsibilities

- 1. The Chief Operating Officer is responsible for authorizing the assignment of GCS staff vehicles to individual employees or departments.
- 2. Permanently assigned staff vehicles-- office require internal procedures for controlling their use that include:
 - (a) Valid driver's licenses on file for all persons operating the vehicle and to whom vehicles are assigned;
 - (b) Safeguarding cars and keys;
 - (c) Requiring approval of the appropriate administrator before the vehicle is used by employees other than those who are regularly authorized;
 - (d) Prohibiting personal use;
 - (e) Communicating procedures to staff;
 - (f) Requiring the employees using the vehicles to certify on an annual basis that they have read and will follow this regulation and the internal procedures for use of these vehicles;
 - (g) Making internal procedures available for internal audit review;
 - (h) Returning vehicles no longer required to the GCS motor pool.

1. Assignment of GCS Staff Vehicles - Individual to Staff Members

- a. Permanent assignment of **GCS staff vehicles - individual** will be made by the Senior Executive Director – Building Services. Vehicles are furnished for official business only and are not to be used for other purposes.
- b. The permanent assignment of **GCS staff vehicles - individual** is based on the employee's need to handle frequent emergencies and/or meetings during off-duty hours, including:
 - i. Emergency callback;
 - ii. Specialized equipment requirements, including emergency radio communications;
 - iii. Distance between work locations for supervision of staff;
 - iv. Security of after school events, buildings, and grounds.

2. Assignment of GCS Staff Vehicles – Office

- a. A staff vehicle is normally assigned to the maintenance department to conduct GCS business.
- b. No provision in this procedure is to be interpreted as precluding the department from authorizing the temporary use of a staff vehicle on a take-home basis for employees whose duties include emergency stand-by or call-back status.

3. Guidelines for the Use of an Assigned Vehicle

- a. No persons other than GCS personnel or those persons directly associated with GCS business will travel in GCS vehicles.
- b. The employee to whom a GCS vehicle is assigned should keep the vehicle in reasonably clean condition.
- c. Employees will not install or have installed any items of equipment (personal or GCS) in GCS vehicles. Specialty equipment must be approved by the GCS Department of Transportation. Two-way radios and cell phones required for the performance of duties will be installed by the GCS Department of Transportation or by one of its approved vendors.
- d. The employee will deliver the vehicle to the appropriate transportation depot for servicing, and pick up the vehicle upon completion of the servicing. If mechanical failure occurs to the vehicle, the GCS Department of Transportation should be notified.
- e. Drivers of district-owned vehicles must be employees of the school system and must be holders of an appropriate operator's permit.
- f. A driver of a GCS vehicle involved in an accident must immediately contact the police and the GCS Department of Transportation.

- g. Smoking is not permitted in GCS vehicles.
- h. Gasoline purchases should be obtained from GCS facilities except when GCS-owned facilities are closed or when travel is out-of-state.
- i. Employees using district-owned vehicles are not permitted to transport family, friends, non-district business commuters or animals except for "service animals".
- j. The employee must possess a valid North Carolina driver's license and be at least 18 years of age. No student or other non-school employee or volunteer may operate the vehicle. In the event that an approved school district employee becomes unable to safely operate the vehicle due to illness or other unforeseen reason while driving on the road, a passenger may assume the driving responsibility and move the vehicle to a safe location off the road. Once safely off the roadway immediately call 911 for assistance. Once assistance has been rendered, the passenger should then contact the GCS Transportation Executive Director for further driving instructions.
- k. GCS vehicles are **not** to be used for personal use at any time. Should you need to procure a GCS vehicle prior to your scheduled departure time, the GCS vehicle must remain parked at your residence in a safe location and remain there until such time the vehicle is needed for travel.
- l. Seat belts must always be used, not only by the driver but by all passengers as well. Drivers of a GCS vehicle are prohibited from overloading and/or overcrowding a vehicle that may result in unsafe operation. Drivers are responsible for wearing and enforcing the use of seatbelts by all occupants or passengers.
- m. The safest way to use any cell phone or personal computing device while driving is to pull over to a safe location and park the GCS vehicle and then talk or use your computing device.
- n. In accordance with North Carolina General Statute GS20-137.3(a)(1), using additional technology (i.e., **text messaging**, etc.) while operating a vehicle is unlawful. N.C. General Statute 20-137.4A. 13 (a) states "It shall be unlawful for any person to use additional technology, as defined in G.S. 20-137.3(a)(1), associated with any mobile phone, while operating a vehicle on a public street or highway or public vehicular area." Additional technology is any technology that provides access to digital media such as including, but not limited to, a camera, electronic mail, music, the Internet, text messaging, or games.
- o. Any employee operating a GCS vehicle is expected to obey all traffic laws and regulations. Any employee receiving a citation while operating a GCS vehicle is responsible for paying the cost of the citation and any other expenses incurred as a result of the citation. Violations such as parking tickets are also the responsibility of the employee in charge of the GCS vehicle when such ticket is issued.

- p. No employee may use or be under the influence of any alcohol, illegal drugs or abuse of prescription drugs while operating a GCS vehicle. In addition to this, no employee may operate a GCS vehicle for at least four hours after having consumed an alcoholic beverage.
- q. District employees are prohibited from carrying or transporting any hazardous material that may pose a risk to the health and safety of the driver or passengers. These materials may include but are not limited to poisonous gas, tear gas, liquid poison, explosives, radioactive materials and firearms. If you are uncertain if a material can be safely transported in a GCS vehicle contact the GCS Executive Director of Transportation for further instructions.
- r. Misuse of the GCS vehicle or failing to immediately call and report any accident to the GCS Executive Director of Transportation will result in disciplinary action which may include a recommendation for termination to the Guilford County Board of Education.
- s. All vehicles are equipped with GPS tracking technology, which must be operational and in use when vehicles are in use.

Duties of Supervisory Personnel: Each Supervisor shall maintain a list of vehicles assigned to personnel reporting to that supervisor. No less frequently than once a month, each supervisor shall review the reports of the GPS devices on each vehicle assigned to his/her direct reports and determine that each use was appropriately for the business of GCS. The Senior Executive Director of Facilities and Maintenance shall be responsible for reviewing the GPS logs of the vehicles assigned to the Director of Health and Safety and the Director of Custodial Services and Logistics no less frequently than once a month to assure compliance with the business purpose uses of the vehicles. The Deputy Superintendent of Business and Operations shall review the GPS logs of the Senior Executive Director of Facilities and Maintenance no less frequently than once a month to assure compliance with the business purpose of the vehicle. All records documenting the reviews shall be maintained by the office of the Deputy Superintendent of Business and Operations. The Deputy Superintendent of Business and Operations shall be responsible for reviewing the GPS logs of the vehicles assigned to the Senior Executive Director of Facilities and Maintenance and documenting the review.

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

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



This investigation required 372 hours at an approximate cost of \$43,730.