



# Investigative Report

State Auditor Dave Boliek  
*A Constitutional Office of the State of North Carolina*

City of Randleman  
Randleman, NC

May 08, 2026



*The key findings and recommendations in this summary may not be inclusive of all the findings and recommendations in this report.*



May 08, 2026

## City of Randleman

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### WHY WE CONDUCTED THIS REPORT

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The Office of the State Auditor (OSA) received numerous allegations of improper governmental activities involving the City of Randleman, North Carolina (the City).

The allegations included claims that the City's former Finance Director embezzled City funds, received \$59,000.00 to vacate her position, and misused a City-issued procurement card (P-Card). OSA also received complaints that the City engaged an external accounting firm to perform finance-related duties while continuing to pay the former Finance Director's salary, resulting in duplicate expenditures on the same services. Finally, OSA received complaints that a member of the City's Board of Aldermen (the Board) paid employees in the City's Public Works Department to use City equipment to mow property not owned by the City.

OSA was also contacted by the elected District Attorney of Randolph County, who requested that OSA conduct an independent investigation in response to similar complaints received by his office.

During its investigation, OSA obtained additional information that, while not directly related to the original allegations, was determined by OSA to have sufficient relevance to warrant inclusion in this report for completeness and transparency.

### OBJECTIVES

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1. Determine whether the former Finance Director embezzled City funds and examine the circumstances surrounding her separation from the City.
2. Determine whether the former Finance Director misused her City-issued P-Card.
3. Determine whether the City engaged an external accounting firm to perform finance-related duties while also compensating the former Finance Director for overlapping services.
4. Determine whether a City Alderman paid Public Works Department employees to use City equipment to mow non-City property in violation of City policies or procedures.

## WHAT WE FOUND

1. OSA found that the City is delinquent in filing its annual financial statement audit for fiscal years (FYs) 2024 and 2025, and that the City remains on the Unit Assistance List maintained by the Local Government Commission.
2. OSA found that the allegations of embezzlement against the former Finance Director were unsubstantiated. Further, OSA concluded that the City did not pay the former Finance Director to vacate her position but instead paid the former Finance Director \$59,183.96 for wages, reimbursement of insurance, and her previously accrued vacation time upon mutual separation between the City and former Finance Director.
3. OSA found no evidence or indication that the former Finance Director misused her City-issued P-Card.
4. OSA determined that the City paid \$154,562.34 to an external accounting firm from 2022 through 2025 for certain services that fell within the scope of the former Finance Director's responsibilities.
5. OSA was unable to determine whether a member of the Board paid Public Works Department employees to mow non-City owned property.

## RECOMMENDATIONS

1. The City should ensure that future financial statement audits are submitted to the LGC on a timely basis.
2. The City should ensure that Finance Department staff are appropriately trained to reduce their reliance on bookkeeping and financial consultants, and to mitigate the risk of payroll withholding errors.
3. The City should ensure that elected members of the Board continue to complete their required ethics training in compliance with N.C.G.S. § 160A-87 and should remind all City employees of their obligation to comply with the City's Personnel Policy and Procedure while performing their duties.



State Auditor  
Dave Boliek

*A Constitutional Office of the  
State of North Carolina*

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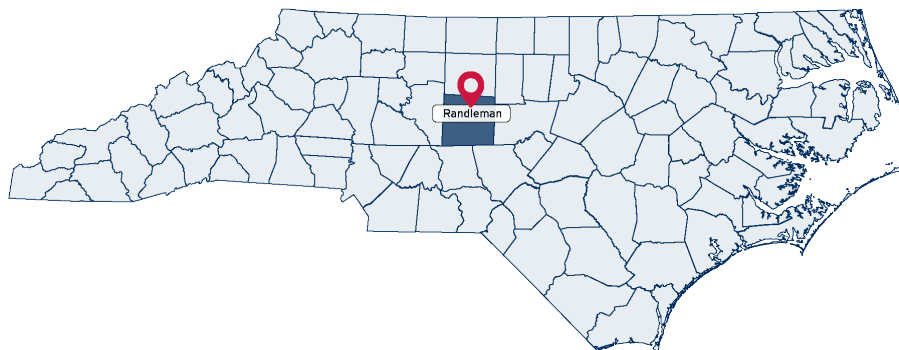
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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.

## Background

### *City of Randleman*

The City of Randleman is located in Randolph County, North Carolina, and had a reported population of 4,595 residents as of the 2020 Census.<sup>1</sup> Incorporated in 1880 by the North Carolina General Assembly, the City operates under a council-manager form of government with a governing body consisting of a mayor and a five-member Board of Aldermen.<sup>2</sup>



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<sup>1</sup> 2020 Census, North Carolina – Total Population by Municipality from North Carolina General Assembly. [PL94\\_171\\_2020\\_PlacePop.pdf](#).

<sup>2</sup> For a brief early history of the City, see [https://cityofrandleman.com/visitors/history\\_of\\_randleman.php](https://cityofrandleman.com/visitors/history_of_randleman.php). The General Assembly revised and consolidated the City’s charter in 2021 via Session Law 2021-42. For the full text of Session Law 2021-42, see <https://www.ncleg.gov/Sessions/2021/Bills/House/PDF/H287v3.pdf>. For the legislative history of Session Law 2021-42, see <https://www.ncleg.gov/BillLookup/2021/H287>.

## Finding 1 Details and Recommendations

**OSA found that the City is delinquent in filing its annual financial statement audit for FYs 2024 and 2025, and that the City remains on the Unit Assistance List (UAL) maintained by the Local Government Commission (LGC).**

The City is currently listed on the LGC’s UAL, which is a list of local governments in need of enhanced guidance and fiscal monitoring.<sup>3</sup> The City was also on the UAL based on data from FY 23, when its Comprehensive Annual Financial Report indicated that the City did not have a Board-appointed Finance Officer from March 2022 through December 2022 and did not submit its FY 2022 audited financial statements by the required deadline.<sup>4</sup>

Each year, local governments in North Carolina are required to submit a financial statement audit to the LGC for the fiscal year, which typically ends on June 30.<sup>5</sup> Prior to FY 2025, financial statement audits for municipalities with a June 30 fiscal year end were due by October 31, or within four (4) months after the end of the fiscal year. In December 2024, the LGC revised this deadline to December 31, extending the timeframe to six (6) months after the close of the fiscal year.<sup>6</sup>

As of April 2026, the most recent financial statement audit submitted by the City is for FY 2023, which was submitted to the LGC in October 2024 – twelve (12) months past the filing deadline.<sup>7</sup> The City’s financial statement audits for FY 2024 and FY 2025 have not been submitted to the LGC.

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<sup>3</sup> Local Government Commission, *Unit Assistance List*, <https://www.nctreasurer.gov/divisions/state-and-local-government-finance/lgc/information-public/unit-assistance-list>.

<sup>4</sup> For the UAL compiled on October 30, 2024 based on FY 2023 data, see <https://www.nctreasurer.gov/documents/files/slghdlgc/unit-assistance-list-10302024/open>. For a copy of the City’s Comprehensive Annual Financial Audit for FY 2023, see <https://cms9files.revize.com/randlemannnc/City%20of%20Randleman%20North%20Carolina%206-30-2023%20-%20FS%20WITH%20LOGO.pdf?t=202411271918140&t=202411271918140>.

<sup>5</sup> See [N.C.G.S. § 159-34\(a\)](#) (requiring annual delivery of audit); see also [N.C.G.S. § 159-8\(b\)](#) (setting out fiscal year of July 1 through June 30 absent an order from the LGC allowing a municipality to operate on a different fiscal year).

<sup>6</sup> Local Government Commission, *FY2025 Audit Due Dates*, <https://www.nctreasurer.gov/blog/2024/12/20/fy2025-audit-due-dates>.

<sup>7</sup> Local Government Commission, *Annual Audit Reports Submitted to LGC*, <https://lgcportal.nctreasurer.com/AnnualAuditReports/>. For a copy of the City’s Comprehensive Annual Financial Audit for FY 2023, see <https://cms9files.revize.com/randlemannnc/City%20of%20Randleman%20North%20Carolina%206-30-2023%20-%20FS%20WITH%20LOGO.pdf?t=202411271918140&t=202411271918140>.

The table below presents the status of the City’s past four (4) fiscal year financial statement audits:

**Table 1: Status of the City’s past four (4) fiscal year financial statement audits**

<b>Fiscal Year</b>	<b>Due Date</b>	<b>Submission Date<sup>8</sup></b>	<b>Months Overdue</b>
2022	October 31, 2022	September 21, 2023	11
2023	October 31, 2023	October 18, 2024	12
2024	October 31, 2024	Not submitted as of April 2026	18 (and accruing)
2025	December 31, 2025	Not submitted as of April 2026	4 (and accruing)

### ***Recommendation***

The City should ensure that future financial statement audits are submitted to the LGC in a timely manner and in full compliance with LGC guidance.

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<sup>8</sup> Submission dates based on data available at Local Government Commission, *Annual Audit Reports Submitted to LGC (FY 2022 and later)*, <https://lgcportal.nctreasurer.com/AnnualAuditReports/>; see also, *Annual Audit Reports Submitted to LGC (FY 2019 through FY 2021)*, [FY2019 through FY2021 Audit Reports for Counties, Municipalities, and Utility Districts Archive | NC Treasurer](#).

## Finding 2 Details

### **OSA concluded that the allegations of embezzlement against the former Finance Director were unsubstantiated.**

OSA received allegations that the former Finance Director of the City had embezzled municipal funds.

OSA conducted an independent review of the allegations and interviewed the appropriate City personnel concerning the purported misconduct and found the claims of embezzlement by the former Finance Director to be unsubstantiated.

### **OSA concluded that the City did not pay the former Finance Director to vacate her position, but that the City instead paid the former Finance Director \$59,183.96 for wages, reimbursement of insurance, and her previously accrued vacation time following mutual separation of the former Finance Director and the City of Randleman.**

OSA received claims that, following allegations of embezzlement, the former Finance Director was paid \$59,000 by the City to vacate her position.

OSA reviewed all Board of Aldermen meeting minutes from January through November 2025. The review revealed that the Board entered closed session at its July 14, 2025 meeting to discuss a personnel matter pursuant to N.C.G.S. § 143-318.11(a)(6).<sup>9</sup> After re-entering open session, the Board reported that the City had agreed to a mutual separation with the former Finance Director and that the City would pay the former Finance Director's wages, insurance, and accrued vacation leave totaling \$59,183.96.<sup>10</sup> Although the specific details of the Board's discussion in closed session are not subject to public disclosure, OSA determined that the City acted properly by promptly reporting the former Finance Director's departure and the \$59,183.96 payment and entering details in the Board's meeting minutes.

OSA additionally notes that the personnel records of City employees, including personnel discussion in closed Board sessions, are generally confidential and exempt from public inspection under N.C.G.S. § 160A-168.<sup>11</sup>

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<sup>9</sup> See [N.C.G.S. § 143-318.11\(a\)\(6\)](#) (authorizing public bodies such as the Board to enter closed session to “consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.”).

<sup>10</sup> City of Randleman, Board of Aldermen minutes, July 14, 2025, available at <https://cms9files.revize.com/randlemannnc/July%2014%202025%20Board%20of%20Alderman%20Minutes%20Special%20Meeting%20.pdf?t=202508221108500&t=202508221108500>.

<sup>11</sup> See [N.C.G.S. § 160A-168](#).

## Finding 3 Details

**OSA found no indication of P-Card misuse by the former Finance Director and deemed the related allegations to be unsubstantiated.**

OSA received allegations that the former Finance Director misused her City-issued P-Card by making personal purchases.

OSA investigators examined reconciled P-Card statements for the period of December 2024 through June 2025. OSA selected one (1) transaction at random from each month to verify the purpose of the purchase and if a Purchase Order Requisition Form was submitted in accordance with City policy.

For each transaction reviewed, the former Finance Director submitted a Purchase Order Requisition Form, which was subsequently approved by the appropriate City Administrator.

OSA determined that the City maintained reconciled P-Card statements; therefore, conducting a full audit of these records would have been duplicative and an inefficient use of State resources. OSA also spoke with City leadership, who indicated there was no evidence or suggestion that the former Finance Director had made fraudulent purchases using the City-issued P-Card. City leadership further stated that any such concerns would have been referred to the appropriate investigative agency.

## Finding 4 Details and Recommendations

### **OSA found that the City paid an external CPA firm to perform services within the Finance Director’s purview and duties.**

OSA received allegations that the City contracted with an external accounting firm to perform finance-related duties while continuing to pay the salary of the former Finance Director, resulting in a duplicate expenditure for the same services and consequently wasting taxpayer funds.

OSA found that the City has employed the professional services of an external CPA firm. OSA investigators obtained and reviewed the City’s invoices and paid vouchers for this vendor covering the period from July 2022 through November 2025. Between December 1, 2022, and November 25, 2025, the City expended \$154,562.34 for services provided by the external CPA firm. Those services included assisting with bank reconciliation, creating and correcting journal entries, and running trial balances.<sup>12</sup>

OSA determined that some of these services fell within the responsibilities of the Finance Director’s position. The former Finance Director presented the need for services from the external CPA firm to the Board, and the Board approved the expenditure of City funds for those services.

### **Errors in Payroll Withholdings**

During the course of its investigation, OSA learned that certain payroll withholdings – including federal and state taxes, Social Security, and 401(k) contributions – were not properly deducted from employees’ pay during the former Finance Director’s tenure. The City identified these issues following the former Finance Director’s departure and indicated to OSA that the errors may have been avoided if the appropriate Finance Department personnel had received adequate training or possessed the additional experience. The City has since taken appropriate corrective action to remedy the issue.

### ***Recommendation***

The City should ensure that Finance Department staff are appropriately trained to reduce the reliance on external bookkeeping and financial consultants, and to mitigate the risk of payroll withholding errors.

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<sup>12</sup> It should be noted that these services overlapped with a period during which an Interim Finance Director, who also carried additional daily responsibilities, served in the role prior to the hiring of the City’s current Finance Director.

## Finding 5 Details and Recommendations

**OSA was unable to determine whether a member of the Board paid Public Works Department employees to mow property not owned or operated by the City. However, investigators confirmed that the City has an established Personnel Policy and Procedure that governs the appropriate use of City Property.**

During a regularly scheduled Board of Aldermen meeting on September 9, 2025, an Alderman acknowledged hiring Public Works Department employees to mow private property. It was also asserted that these individuals used city equipment to mow said property. OSA reviewed the Board minutes from September 9, 2025, and noted that the Alderman made these statements in response to a discussion during Public Comment.<sup>13</sup>

OSA interviewed the relevant Alderman on December 2, 2025. He denied the allegations and stated that his remarks during the public meeting were intended as a joke, attributing the misunderstanding to his sense of humor.

OSA was unable to substantiate the alleged payment from the Alderman to City employees to mow private property. However, investigators confirmed that the City’s Personnel Policy and Procedure (the Personnel Policy) clearly defines the appropriate use of City property, stating that “[u]se of City-owned property is intended for official City business only. City-owned property including supplies, tools, materials, equipment, contracted services, and vehicles...should not be removed from City property except in the conduct of City business.”<sup>14</sup>

### ***Recommendations***

All elected members of the Board should continue to complete required ethics training as mandated by N.C.G.S. § 160A-87.<sup>15</sup> Additionally, the City should remind all employees of their obligation to comply with the Personnel Policy while performing their duties.

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<sup>13</sup> See City of Randleman, Board of Aldermen minutes, September 9, 2025, available at <https://cms9files.revize.com/randlemannnc/September%2009%202025%20Board%20of%20Alderman%20Minutes.pdf?t=202510151448320&t=202510151448320>.

<sup>14</sup> [City of Randleman Personnel Policy and Procedure](#) (Adopted September 5, 2027, Updated July 1, 2023). See specifically, page 37, Article V, Section 13, “Use of City Property.”

<sup>15</sup> See [N.C.G.S. § 160A-87](#).

**MAYOR**  
**GARY B. BETTS, SR.**

**BOARD OF ALDERMEN**  
**MICHAEL L. DAWKINS**  
**MAYOR PRO-TEMPORE**

**MELISSA ALLRED BLALOCK**  
**NANCY HENDERSON**  
**KIMMY WILLIAMS**  
**STEVE GROOMS**



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**CITY ADMINISTRATION**  
**HANK RAPER**  
**CITY MANAGER**

**CONNIE M. PEELER**  
**CITY CLERK, CMC, NCCMC**

The City of Randleman supports the findings of the Investigative Report from the North Carolina Office of the State Auditor.

Since July 2025, the City of Randleman Finance Department has undergone significant changes including the adoption of financial policies and procedures, improved segregation of duties, enhanced internal controls, and a restructuring of staff to meet the needs of a modern municipal finance department. The City of Randleman has also committed to and continues to make strides in its effort to complete financial audits from prior fiscal years.

With the hiring of professional financial staff, the City of Randleman has been able to end its contractual relationship with its external accounting firm (GWI Tax & Accounting) and is relying on internal processes and practices to complete its work. The City of Randleman is also partnering with the North Carolina League of Municipalities for financial support of the 2025 financial audit and the implementation of new financial software (Black Mountain) that will improve our business operations.

To maintain public trust, residents of the City of Randleman must have confidence in its leadership. We hope that with the conclusion of this investigation, the public is reassured that the proper oversight now exists to effectively and efficiently manage the City's financial resources.

The City of Randleman appreciates the efforts of the North Carolina Office of the State Auditor to bring transparency and accountability to the expenditure of public funds. The City of Randleman welcomes any future opportunity to cooperate with Mr. Boliek's office and thank their staff for their commitment to uncovering the truth around these findings.

Henry E. Raper  
City Manager  
City of Randleman

# Ordering Information

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**Copies of this report may be obtained by contacting:**



**Office of the State Auditor**  
State of North Carolina  
20601 Mail Service Center  
Raleigh, North Carolina 27699

Telephone: 919-807-7500  
Fax: 919-807-7647  
Internet: [www.auditor.nc.gov](http://www.auditor.nc.gov)

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**To report alleged incidents of fraud, waste or abuse in state government  
contact the Office of the State Auditor's Tipline:**

**Telephone: 1-800-730-8477**

[www.auditor.nc.gov/about-us/state-auditors-tipline](http://www.auditor.nc.gov/about-us/state-auditors-tipline)

*Disclosure: Data analyzed by OSA was obtained directly from the City.*

*Note to Readers: OSA maintains strict confidentiality when handling personally identifiable and other sensitive information in accordance with State and federal law. OSA takes all necessary precautions to ensure that sensitive information is not compromised or improperly shared.*

*This Investigative Report is based on the limited information available to OSA at this time and is not exhaustive. Additionally, this investigation does not preclude the potential for future allegations, whether similar or different in nature, from being subject to investigation or audit by OSA. This report does not constitute an audit or attestation engagement conducted in accordance with generally accepted government auditing standards.*

*A copy of this Investigative Report has been provided to the City of Randleman's leadership and published online for review by the residents of the City of Randleman and all citizens of North Carolina..*

*Upon publication of this Investigative Report, OSA shall formally notify the LGC in compliance with N.C.G.S. § 147-64.6(c)(14).*