



April 23, 2026

North Carolina Agricultural and Technical State University

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
Board of Trustees, North Carolina Agricultural and Technical State University
Dr. James R. Martin, II, Chancellor

To all:

When the North Carolina Office of the State Auditor was informed by North Carolina Agricultural and Technical State University that improper conduct with student financial assistance took place at the university, we immediately engaged in an investigation to evaluate exactly what had occurred.

Our review confirmed serious instances of deliberate funneling of public university dollars to NC A&T students with personal or professional connections to former senior university officials, and that these funds were awarded without evidence of merit or need based criteria.

During our evaluation of Administrative Recovery Funds from 2017 through 2025, we verified the Division of Business and Finance improperly directed more than \$5 million in funds as financial assistance to students. Of that \$5 million, more than \$780,000 was distributed to students who were university employees, family members of university employees, or had a direct personal or professional connection to NC A&T.

As stated in our report, the former Executive Director of the Real Estate Foundation's nephew received \$73,063 in financial awards, an NC A&T Center for Teaching Excellence External Advisory Board member's daughter received \$23,052, the son of a former Part-time English Instructor received \$22,545, the son of the former Associate Vice Chancellor for Campus Enterprises received \$18,707, and the former Assistant Vice Chancellor for Business and Finance's daughter was awarded \$14,888 in funds.

Our team also found that, following a discussion between the former Associate Vice Provost for Enrollment Management and the former Director of Financial Aid Operations, a hold was placed to allow the former Associate Vice Provost's son to remain enrolled at NC A&T despite having an outstanding account balance for the remainder of that semester. The student also received an award of \$10,000 in scholarship funds, which greatly exceeded the just over \$2,000 that was budgeted for that scholarship.

The influence and actions by former senior officials, combined with the lack of internal controls at NC A&T, led to several instances of preferential treatment that resulted in personal advantage and gain. Public university dollars that could have benefited other students or programs were instead directed toward those who had the benefit of having a personal connection with senior officials.

North Carolina Agricultural and Technical University leadership was right to self-report these issues, and I thank Chancellor James R. Martin, II for his commitment to improve internal controls, governance, and oversight at the university. The State Auditor's Office will continue to work with NC A&T to ensure proper implementation of recommendations and corrective actions.

Respectfully submitted,



Dave Boliek
State Auditor

WHY WE CONDUCTED THIS REPORT

OSA performed this investigative review after North Carolina Agricultural and Technical State University (the University) self-reported that the University engaged in improper conduct regarding financial assistance for students, including improperly using Administrative Recovery Funds to provide financial assistance to out-of-state students and students with personal or professional connections to University employees.

OBJECTIVES

Determine whether improper conduct regarding financial assistance for students existed at the University.

Determine whether Administrative Recovery Funds were improperly used in providing financial assistance at the University.

Determine whether internal control deficiencies existed related to Administrative Recovery Funds.

WHAT WE FOUND

OSA identified three related concerns: (1) use of ARFs for student financial assistance by the University's Division of Business and Finance inconsistent with fund purpose and University practice; (2) management override by the University's Associate Vice Provost for Enrollment Management regarding financial assistance decisions; and (3) weaknesses in the internal control environment. The following Investigative Findings detail specific instances and the evidence supporting these conclusions.

BACKGROUND

North Carolina Agricultural and Technical State University is a public institution located in Greensboro, North Carolina, and is one of 16 public universities within the University of North Carolina System (UNC).¹



[Image provided by Wikimedia](#)

¹ [North Carolina A&T State University – UNC System](#); [Britannica](#).

Established in 1891 through federal funding from the Second Morrill Act, the University is a public land-grant university recognized as a Historically Black College and University. The University's founding mission was to expand educational access for Black Americans, particularly in fields such as agriculture, mechanical arts, and related disciplines.²

Funding for financial aid and scholarships for University students comes from State and federal financial aid programs, institutional aid, and private scholarships sources.

Administrative Recovery Funds Disbursements Review

Administrative Recovery Funds (ARF) consist of fees which are charged to University students in association with services such as housing, dining, and parking. These fees are intended to reduce indirect administrative costs that support campus operations, such as finance, compliance, human resources, and facilities. Historically, the University's practice has also been to use ARFs for unanticipated or emergency institutional needs. The University does not have any policies that authorize or control the use of ARFs for tuition assistance.

From July 1, 2017 through June 30, 2025, the University's Division of Business and Finance (the Division) used ARFs to provide financial assistance that functioned similarly to institutional aid. Current University leadership became aware of this practice following an inquiry into financial assistance promised to a student related to a University employee, which prompted the University to reach out to OSA for a broader review of the Division's awarding practices, documentation, and oversight processes. As part of OSA's review, OSA examined supporting documentation, analyzed tuition awards and disbursements, reviewed student financial records, and evaluated email correspondence between University officials and prospective students.

What We Found

OSA identified three related concerns: (1) use of ARFs by the Division for student financial assistance inconsistent with fund purpose and University practice; (2) management override by the University's Associate Vice Provost for Enrollment Management regarding financial assistance decisions; and (3) weaknesses in the internal control environment. The following Investigative Findings detail specific instances and the evidence supporting these conclusions.

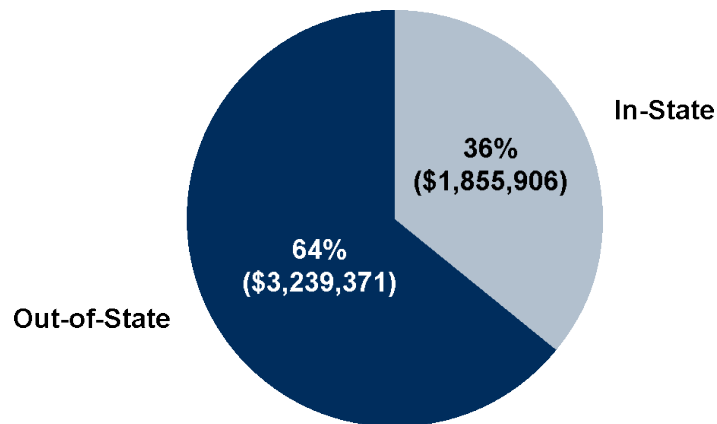
² [Ibid; North Carolina History Project](#)

INVESTIGATIVE FINDINGS

Misuse of Administrative Recovery Fees

OSA reviewed ARF usage over an eight-year period from July 1, 2017 through June 30, 2025. During this period, the Division improperly directed \$5,095,277 in ARFs as financial assistance to students. These funds were disproportionately distributed to out-of-state students, who received \$3,239,371 (64%) compared to \$1,855,906 (36%) received by in-state students. These funds were awarded without evidence of merit or need based criteria.

**Total Financial Assistance Disbursed (FY 2018-FY 2025)
In-State vs Out-of-State**



Of the \$5,095,277 awarded, the Division distributed \$781,142 to students who were University employees, family members of University employees, or otherwise had a direct personal or professional connection to the University.

24 students who received ARFs as financial assistance were either University employees or family members of University employees. These students received improperly awarded funds in the amount of \$238,405. The five students within this group who received the most ARF assistance received a total of \$152,255 in financial assistance. The chart below shows the amount of ARF financial assistance awarded to these five students, one of whom was the daughter of a former Assistant Vice Chancellor of the Division.

Title of Employee or Board Member related to Student receiving ARF financial assistance	Student's Relationship to Employee or Board Member	Total ARFs received as Financial Awards
Former Executive Director of the Real Estate Foundation	Nephew	\$73,063
NCA&T Center for Teaching Excellence External Advisory Board	Daughter	\$23,052
Former Part-time English Instructor	Son	\$22,545
Former Associate Vice Chancellor for Campus Enterprises	Son	\$18,707
Former Assistant Vice Chancellor for Business and Finance	Daughter	\$14,888

Additionally, the Division awarded \$542,737 in ARF financial assistance to 20 recipients who had a personal connection to the Division. This included an instance where the former Vice Chancellor for Business and Finance exerted his authority and used preferential treatment to award an out-of-state student \$49,024. Additionally, the former Vice Chancellor for Business and Finance unilaterally authorized tuition assistance of \$36,654 and \$12,000 for two friends of the same out-of-state student.

The Division's practices under the former Vice Chancellor for Business and Finance failed to align with the University's compliance and ethical conduct policies, which require University employees to act impartially and avoid circumstances that would negatively influence professional judgment. The Division's actions resulted in inconsistent treatment of student awards and created the potential for noncompliance with State and federal regulations.

Recommendations

1. The University should assign responsibility for financial aid decisions to a department other than the Division, such as the Office of Financial Aid and Scholarships.
2. The University should establish stricter policies and approval processes regarding the use of ARFs.
3. The University should ensure that those with governance authority over financial aid and awards do not engage in conflicts of interest, in compliance with University policy.

4. The University should require documentation of award decisions, approvals, and supporting evidence for each financial aid award.
5. The University should require periodic reconciliation between approved awards, disbursement records, and postings in the UNC Banner system used to record financial, student and financial aid transactions.

Misuse of Financial Aid for Personal Benefit by the Former Associate Vice Provost

The former Associate Vice Provost for Enrollment Management (Associate Vice Provost) is responsible for oversight of the Office of Financial Aid. OSA identified several instances of real or perceived conflicts of interest where financial assistance and scholarship awards improperly benefited the former Associate Vice Provost's son. Such instances included:

- Following a discussion between the former Associate Vice Provost and the former Director of Financial Aid Operations during the Fall 2024 semester, the Director of Financial Aid Operations placed a hold on the account of the Associate Vice Provost's son, thereby allowing his son to remain enrolled at the University despite having an outstanding account balance for the remainder of that semester. This violated University policy, which prohibits students from being continually enrolled until outstanding balances are addressed.
- The former Associate Vice Provost's son received an award of a \$10,000 Aggie Club Endowment Scholarship in FY 2025. This award exceeded the \$2,068.05 budgeted amount for that scholarship in FY 2025 and was greater than the cumulative total of all Aggie Club Endowment Scholarships awarded to University students for the prior seven fiscal years. Additionally, following a phone call between the former Associate Vice Provost and the former Director of Financial Aid Operations on February 4, 2025, a refund of \$1,148 was processed for the Associate Vice Provost's son because the amount of the awarded Aggie Club scholarship exceeded the balance on his student account.

The former Associate Vice Provost's influence over the University and Aggie Club failed to align with the University's compliance and ethical conduct policies, which intend to prevent instances of preferential treatment by prohibiting the use of positions of authority to secure private or personal advantage or gain.

Recommendations

1. The University should establish stricter policies including segregation of duties regarding the administration of scholarship funds by a family member.
2. The University should ensure that those with governance authority over Aggie Club funds do not engage in conflicts of interest.
3. Departmental leadership should report any instances where family members of University employees have received tuition assistance, including the source and amount of the tuition assistance, to the Board of Trustees.
4. The University should implement policies that prevent departmental leadership from influencing academic accounts of family members.
5. The University should make an effort to recover Aggie Club funds that were improperly awarded or received due to misconduct.

Internal Control Deficiencies Related to Administrative Recovery Funds

OSA's review determined that the University did not maintain adequate internal controls over the use of ARFs and student financial assistance. The absence of clearly defined policies, eligibility criteria, and approval requirements created an environment in which both ARFs and student financial assistance could be awarded at the discretion of University leadership rather than in accordance with University policies. OSA found this caused deficiencies in monitoring and internal controls that were designed to ensure funds were used as intended by the University and their applicable award requirements.

OSA further observed that internal controls, specifically those related to segregation of duties and oversight, were not effectively implemented. This was due in part to the Division having sole responsibility for identifying recipients, determining award amounts, and approving financial assistance disbursements.

Additionally, University management utilized personal discretion over financial assistance decisions without evidence of secondary review or approval. This resulted in management's failures to prevent and detect conflicts of interest and led to improper disbursements of ARF and student financial assistance.

If the University does not take corrective action, it could be at greater risk of additional misuse of funds, noncompliance with financial aid regulations, and reputational risk, leading to loss of public and private donor support.

Recommendations

1. If University leadership elects to continue the use of ARFs for student financial assistance, the University should establish and formally document policies and procedures governing such uses of ARFs, including clear eligibility criteria, approval requirements, and documentation standards.
2. The Division should implement appropriate segregation of duties to ensure that recipient selection, award approval, and disbursement functions are performed independently and subject to secondary review.
3. The University should provide additional monitoring for departments who have the responsibility of awarding financial assistance in order to prevent management override and conflicts of interest.
4. The University should conduct periodic reviews of financial assistance disbursements to ensure compliance with University policies, regulations, and objectives, in order to address any possible future control deficiencies.
5. The University should follow and adhere to best practices for institutional governance to ensure that appropriate duties are aligned, any conflicts of interest are mitigated, and proper oversight of administrative functions.

Note to Readers

We note that this review was not exhaustive and that OSA cannot guarantee the absence of any wrongdoing. Furthermore, this review does not preclude the possibility of future allegations, whether similar or different in nature, from being subject to investigation or audit by OSA. A copy of this Special Report has been provided to University leadership and is published online for review by the University's constituents and the citizens of North Carolina.

This matter has been referred to the North Carolina State Bureau of Investigation.

RESPONSE FROM NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY



**NORTH CAROLINA
AGRICULTURAL AND TECHNICAL
STATE UNIVERSITY**

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A LAND-GRANT UNIVERSITY and A CONSTITUENT INSTITUTION of THE UNIVERSITY of NORTH CAROLINA

April 20, 2026

Mr. Dave Boliek
State Auditor
Office of the State Auditor
20601 Mail Service Center
Raleigh, NC 27699

Re: Management Response to Investigative Audit Findings

Dear Mr. Boliek:

North Carolina Agricultural and Technical State University (University) is in agreement with the audit findings and appreciates the opportunity to respond. We take this matter seriously and are committed to strengthening our internal controls, governance, and oversight related to the awarding of financial aid and internally funded scholarships.

To address the issues identified and to mitigate the risk of recurrence, the University will implement the following corrective actions:

1. Independent Audit and Control Review

The University will contract with an external audit firm to perform an independent audit of the financial aid awarding process. This engagement will include a comprehensive review of financial aid controls currently in place, with particular emphasis on identifying areas for improvement and strengthening controls over any conflicts of interest, reconciliations, override, or operational account holding activities.

2. Formal Training for Financial Aid Staff

The University will provide mandatory, formal training to all financial aid staff. This training will address applicable federal and institutional requirements, internal control expectations, ethical standards, documentation requirements, and proper approval protocols.

3. Policy Development and Standard Operating Procedures (SOP)

The University will develop and implement a comprehensive policy and accompanying SOP governing all internally awarded scholarships, including those funded through auxiliary or administrative sources and those awarded to family members of University employees. The policy will be communicated to relevant campus leaders and stakeholders and will clearly define:

- Allowable funding sources for internally awarded scholarships;
- Roles and responsibilities for administering, monitoring, and overseeing such funds;
- The methodology for awarding funds (e.g., need-based, merit-based, or hybrid criteria);



- Eligibility requirements, application processes, and initiation authority;
 - Required review and approval protocols, including segregation of duties and potential conflict of interests/related parties; and
 - Escalation and corrective procedures to be followed if policy requirements are not met by any unit or individual.
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4. **Review and Recovery Efforts**
The University will conduct a thorough review of all scholarships awarded under the identified circumstances and will make reasonable efforts to recover any improperly awarded funds, consistent with applicable regulations and institutional policies. Our intent is to hold students harmless while pursuing restitution from the responsible employees.
5. **Immediate Discontinuation of Identified Scholarships**
The University will immediately discontinue any further awarding of the specific scholarships identified in the audit finding to the students in question.

Additionally, senior officials directly involved with the improperly awarded scholarships are no longer employed by the University. The University believes these actions demonstrate its commitment to accountability, transparency, and continuous improvement in stewardship of institutional and financial aid resources.

Senior leadership within the Office of Financial Aid will be primarily responsible for these actions, with coordination across relevant academic and administrative units. Our anticipated completion date of these corrective actions is on or before December 31, 2026. We will keep the University Board of Trustees abreast of any updates and implementation of these corrective actions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James R. Martin, II'.

Dr. James R. Martin, II
Chancellor

Ordering Information

Copies of this report may be obtained by contacting:



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Fax: 919-807-7647
Internet: www.auditor.nc.gov

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