

STATE OF NORTH CAROLINA
Office of the State Auditor



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PRESS RELEASE

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**STATE AUDITOR RELEASES SPECIAL REVIEW OF DEPT. OF ENVIRONMENT
AND NATURAL RESOURCES, DIVISION OF FOREST RESOURCES**

State Auditor Ralph Campbell is releasing today a special review of the North Carolina Department of Environment and Natural Resources, Division of Forest Resources. This special review was the outcome of allegations received over the State Auditor's Hotline (800) 730-TIPS or (800) 730-8477.

"We received allegations in August of this year that an accounting clerk in the Division of Forest Resources was entering bogus data into the Accounts Payable System to generate phony checks," stated Auditor Campbell. "Our review found that the accounting clerk initiated payments totaling \$27,931.60 to a fictitious vendor. The accounting clerk admitted that she entered fabricated information, but denied receiving the money, saying it was received by one of her sisters for her silence about other personal matters.

"In a second situation involving a renovation project in Martin County, we found an overpayment of \$1,113 to ELCON, a construction company that the accounting clerk said she owned with her husband. This overpayment occurred even though there were no change orders, no additional invoices, or even discussions of additional work," noted Auditor Campbell.

According to State Auditor Campbell, "These incidents occurred because the lack of controls allowed the accounting clerk to get the fictitious invoices approved for payment and to enter the non-existent vendor into the payment system. And, since the controller's office in DENR did not question her request to have the checks returned to her, another system safeguard was circumvented."

As required by statute, this matter has been referred to the State Bureau of Investigation.

"We wish to thank the Department of Environment and Natural Resources and Secretary Holman for their cooperation in this matter," concluded State Auditor Campbell.

Copies of this special review including the response from Secretary Bill Holman are available by contacting the Office of the State Auditor at the address above or by electronic mail (reports@ncauditor.net). The full report is available on the OSA Internet home page, <http://www.osa.state.nc.us> under the section, "What's New?" Click on the heading "Audits" to view the report.

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