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PRESS RELEASE

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## State Auditor Ralph Campbell Releases Audit of State Surplus Property Agency

RALEIGH \_ The State Surplus Property Agency, which did \$26 million worth of business last year, does not have enough employees, storage space or formal operating policies to effectively manage all the equipment that state agencies send it, an audit of the operation released Thursday indicates.

In addition to selling equipment state agencies have declared surplus, the property office also operates several special or new programs, including disposing of property seized for taxes in drug raids and "Computers for Kids," a program that refurbishes used state computers which are sold to schools and non-profit groups for \$20 each.

The audit found that more than half of the public school systems in the state were not aware of the computer program, which uses inmates to refurbish computers. It also found that the program could be expanded if more prisons would allow inmates to get the training to recondition computers.

"The 'Computers for Kids' program offers a tremendous opportunity for our public schools and non-profit agencies to bridge the digital divide, particularly in poor, rural areas," said State Auditor Ralph Campbell. "It provides a market for the state's outdated computers, training for prison inmates in jobs society needs and a way for low-income schools and communities to help children develop the computer skills they must have in the real world. This program deserves much more attention than it presently is getting."

The surplus property operation involves a full-time staff of 17, plus some temporary workers and a few inmates on work release. The audit found the agency does not have enough full-time employees to efficiently manage increasing sales and new programs, or to properly monitor work-release inmates.

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The audit recommends a complete inventory of surplus property held by the agency be conducted because inventory data in the agency's computer system is not accurate. It also recommends adopting and enforcing formal policies for handling cash sales, contract purchases, collections of overdue payments and other facets of the agency's operations.

At warehouse sales to the public, for instance, only one employee handled the cash transactions and then reconciled the receipts and cash at the end of the day. Copies of receipts given to customers were not kept, deposits were not made daily and checks were held for substantial periods before being deposited.

The agency's main warehouse in Raleigh and one of two satellite warehouses are filled to capacity, the audit found. It recommended that the state conduct a detailed space study considering all possible options, including combining state and federal surplus operations in a shared facility.

The audit recommended, however, that state not combine its operations at the present federal surplus site in Raleigh because of significant problems with the site itself.

Secretary Gwen Swinson of the Department of Administration, which includes the surplus property office, concurred with findings by the auditors and said appropriate action will be taken.

Copies of the report may be obtained at the office's web site at [www.osa.state.nc.us](http://www.osa.state.nc.us). Printed copies of the report can be obtained by filing a request under the Audits section of the web site or by calling the Office of the State Auditor at 919-807-7500.