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Merritt Announces New Initiative to Track Local Government Grants

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State Auditor Leslie Merritt announced a new initiative to track State and federal “pass-through” grants that go through local governments to non-profit entities. State Auditor Leslie Merritt launched this new initiative based on two factors: (1) a new summary report released by the Office of the State Auditor (OSA) in conjunction with the Local Government Commission that revealed a total of \$13 Billion going to local governments. Of that \$13 Billion some \$180 Million goes to “sub-grantees” many of which are non-profits; and (2) a recent review of a non-profit where the local government is serving as a pass through but is not actively monitoring the non-profit.

“North Carolina’s taxpayers have a significant problem if a large amount of grant dollars are funneling through local governments to non-profits and proper active monitoring is not in place.” said State Auditor Leslie Merritt. “OSA’s new initiative should confirm whether my suspicions are true that both the State and local governments believe that the other is monitoring the \$13 Billion in grants, but neither is doing much monitoring,” added Merritt.

In a recent review of the New Beginning Community Development Center, the Town of East Spencer agreed to provide monitoring of the grants but later stated in the review that they bore no responsibility to conduct programmatic monitoring. OSA’s independent review of the grant confirmed the lack of active monitoring even though the Town did confirm that receipts were attached for all requested reimbursements.

“While I think that East Spencer is just being honest, my primary concern is that this review could indicate a widespread problem that could be exploited,” said State Auditor Leslie Merritt. “If a shepherd thinks the sheepdog is watching the sheep and vice versa, it is all too easy for a wolf to sneak in and steal from the flock, or in our case, \$180 Million of taxpayer money,” added Merritt.

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