

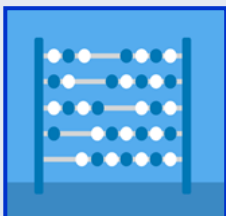
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OSA IN THE COVID - 19 ERA



This has been an uncertain time in North Carolina and around the country. The Office of the State Auditor is no exception. Our goal has been 3-fold: 1) provide safe working environments for our employees and clients, 2) continue to protect the interests of taxpayers and provide objective information about the use, management, and reporting of state resources, and 3) make cost-saving adjustments to our agency budget as the state realizes significant revenue shortfalls.

The NC General Assembly passed the 2020 COVID-19 Recovery Act empowering OSA to conduct a preliminary financial audit and a final performance audit of the Coronavirus Relief Fund. This is an additional tool in our arsenal to protect your tax dollars. As large sums of money flow into our state to provide much-needed relief to families, small businesses, and local governments, we will be closely monitoring the use of these funds.

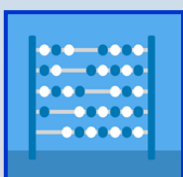
DOT CASH SPENDING PLAN



In November 2019, the NC General Assembly directed OSA to conduct a performance audit of the Department of Transportation (DOT). Some of the things we reviewed were adherence to budgets, cash management, controls and oversight of divisions, and timeliness of federal reimbursement requests and responses to federal requests for information or action.

In May 2020, OSA released the DOT Cash Spending Plan Performance Audit, which found that DOT exceeded its FY2019 Spending Plan by \$742 million (12.5%). The Spending Plan was not based on cost estimates of specific projects or scheduled DOT operations. Compliance with the spending plan was not enforced across divisions. Read more about these findings [here](#).

STATEWIDE SINGLE AUDIT



The Statewide Single Audit is an audit of the federal funds NC receives each year, most in the form of grants such as Medicaid, Student Financial Aid, funds to build highways and bridges, and money for clean air and water.

NC spends more than \$20 billion annually in federal financial assistance under various federal programs. The Single Audit uses a prescribed, risk-based approach to select certain programs annually to be audited. Auditors perform audit procedures to provide assurance to the federal government as well as taxpayers about the management and use of these federal funds. The results of the audit procedures are compiled into the Single Audit Report for the State of NC and submitted to the Federal Audit Clearinghouse. You can find the Single Audit Report [here](#).

OSA INVESTIGATIONS



OSA consists of several divisions including the Investigative Division. This division opens investigations in response to allegations of fraud, waste, or abuse of taxpayer dollars. The findings of these investigations are often used by elected officials and policymakers to change management, accountability, and oversight functions of agencies that receive taxpayer funds. Recent investigations include:

City of Rocky Mount—The City of Rocky Mount wrote off \$47,704 in utility bills for a city council member and failed to adhere to many of its established policies, including Utility Services, Downtown Development, Code of Ordinance, Travel and ADA. Read more [here](#):

Greene County—Greene County accumulated \$95,660 in credit card charges without proper documentation or approval. The County also failed to properly maintain accounting records and prepare timely financial statements. Read more [here](#):

DHHS: Cherry Hospital—Cherry Hospital misused the dual employment process to pay nurse management. Thirteen nurse managers were paid \$322,773 rather than receiving compensatory time. Read more [here](#):

THE AUDITOR'S FINDINGS



Reaching the halfway point of my 12th year as your State Auditor has me reflecting on the work we've done over the years. I can report today that I am still as excited about and committed to rooting out fraud, waste, and abuse of your tax dollars as I was the day I was first sworn in. In 2020, OSA has released impactful audit and investigative reports across all divisions—financial, information systems, investigative, and performance. These reports are essential for monitoring, policy development, cost savings, and holding your leaders accountable.

In the coming months we will conduct financial and performance audits of state agencies. We will audit the COVID-19 funds that flow into NC. And we will continue to investigate allegations of misuse of state resources. You've given me an assignment and I will continue to carry it out faithfully.

As the State realizes shortfalls in revenue due to COVID-19, I am considering cost-saving measures at OSA. Families have to tighten their belts when they experience a decrease in income; state agencies should do the same. My executive team and I are looking for ways to reduce our financial obligations, while continuing to provide the high level of monitoring and accountability you've come to expect from the Office of the State Auditor.

We will get through these tough times together, and be stronger on the other side.

~Beth

OSA IN THE NEWS

As OSA continues to publish relevant and impactful audit and investigative reports, many print, TV, and online media outlets across North Carolina produce stories that reach every corner of the State. This coverage is essential to ensuring that North Carolinians know how their tax dollars are being spent. Below is a sample of reporting you may have missed:

'Lack of oversight' led NCDOT to overspend \$742 million last fiscal year, state auditor says
<https://abc11.com/ncdot-audit-beth-wood-nc-dot/6199445/>

N.C. transportation department exceeded budget, failed to monitor spending, auditor finds
<https://www.carolinajournal.com/news-article/n-c-transportation-department-exceeded-budget-failed-to-monitor-spending-auditor-finds/>

Auditor: DPI Errors Will Cost NC \$18 Million In Money For Special Education
<https://www.wfae.org/post/auditor-dpi-errors-will-cost-nc-18-million-money-special-education#stream/0>

Auditor worries new Medicaid rules will worsen already-lax oversight
https://www.carolinacoastonline.com/regional/article_5366cd7e-96a4-11ea-aea9-4b118e1e9c33.html

State auditor's office claims some Rocky Mount officials shielded council member from utility collection efforts
<https://www.witn.com/content/news/State-audit-claims-Rocky-Mount-officials-shielded-council-member-from-utility-collection-efforts-570507311.html>

Franklin clerk cites training shortcomings for audit's finding of problems in her office
<https://www.wral.com/wral-investigates-bookkeeping-issues-with-franklin-clerk/19130303/>

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To protect the health and well-being of our employees and those we audit, the Office of the State Auditor is observing the statewide State of Emergency and Stay-At-Home orders issued by the Governor. Through the use of technology, telework and other non-contact methods of communication and collaboration, OSA will remain responsive to citizens' inquiries by phone at 919-807-7500 or email to our Public Information Officer at dion_clark@ncauditor.net. Media inquiries can be made at 919-807-7513.