

# THE MONITOR

North Carolina Office of the State Auditor  
Jessica N. Holmes, J.D., State Auditor  
Quarterly Newsletter

UNBIASED. IMPACTFUL. IRREFUTABLE.



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## Statewide Single Audit – Financial Audit Division

In April, OSA released its annual Statewide Single Audit of federal funds received by the state. For fiscal year 2023, the State of North Carolina spent \$35 billion in federal awards that were distributed to 618 programs managed by 103 different state entities, including the university and community college systems.

The Statewide Single Audit examines federally funded programs for compliance with federal statute, regulations, and award terms and conditions. The results provide assurances to the federal government, and to taxpayers, on the management and use of federal funds and identifies areas for improvement.

To read a press release on the Statewide Single Audit, [click here](#). To read the full report, [click here](#).

## Fayetteville State University – Investigative Audit

On May 28, OSA published an investigative audit related to university-issued credit card transactions by Fayetteville State University (FSU) staff.

The investigative audit was prompted by allegations that employees in FSU's Office of Strategic Communication (OSC) had made impermissible purchases on their university-issued purchase and travel credit cards. The investigation found that OSC staff made credit card purchases totaling \$692,239 between January 1, 2022, and August 31, 2023, that were impermissible and or did not contain sufficient documentation.

To read the full report, [click here](#).

## Fayetteville State University – Financial Audit

Also on May 28, OSA issued a finding related to financial reporting at FSU, specifically for lack of supporting documentation for university-issued purchase card transactions. Auditors tested a sample of 40 credit card transactions totaling \$17,402, and found that it did not have documentation to support the purchases for 14 (35%) of the transactions totaling \$7,801.

According to FSU management, procedures were not followed to obtain supporting documentation due to staff turnover in the university's purchasing department. Auditors recommended that university management should ensure contingency plans are in place to monitor and ensure supporting documentation is obtained for university-issued credit card transactions during periods impacted by staff turnover.

To read the full report, [click here](#).

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## Town of Fremont – Investigative Audit

On May 15, OSA published an investigative audit in response to multiple allegations received regarding the Town of Fremont. OSA found a total of eight findings including violations of Town policy, state law and federal tax law, notably allowing two individuals to reside in the Town Hall for approximately six months.

To read the full report, [click here](#).

## Roanoke-Chowan Community College – Financial Statement Audit

OSA auditors found that there were inadequate internal controls that resulted in significant misstatements and increased the risk of fraud and undetected errors in financial reporting. Examples include student aid being understated by \$212,000, and county appropriations and county capital aid being overstated by \$122,000 due to recording revenues in the wrong fiscal year.

To read the full report, [click here](#).

## Durham Technical Community College – Financial Statement Audit

OSA auditors found that inadequate internal controls, including review procedures, to ensure accurate financial reporting. Auditors found that the College's review of the financial statements failed to identify several significant misstatements. Examples include student accounts receivable being overstated by \$3.9 million, depreciable capital assets were understated by \$1.5 million, and student tuition and fees and related receivables were overstated by \$1.9 million.

To read the full report, [click here](#).

## North Carolina Central University – Financial Statement Audit

OSA auditors found that the University's review of the financial statements failed to identify several misstatements. Examples include student tuition and fees revenues were overstated by \$5.9 million, accounts payable were understated by \$2.9 million and cash was understated by \$2.8 million.

To read the full report, [click here](#).



### How to Report Fraud, Waste or Abuse:

- Fill out our on-line web form
- Call toll-free: 800-730-8477
- Email [Tipline@ncauditor.gov](mailto:Tipline@ncauditor.gov)
- Write to: State Auditor's Tipline  
20601 Mail Service Center  
Raleigh, NC 27699

**What information to submit:** Provide as much detail as possible concerning who, what, when, where, how, and how much.

**Privacy:** Individuals who provide information concerning fraud, waste, abuse or mismanagement of state funds may provide information anonymously, if they wish, or provide their name and contact information. Your identity must be kept confidential under state law. In addition, state law provides protection from retaliation or discrimination for employees who report improper or illegal activities to the State Auditor.



# AUDITOR'S FINDINGS



We are excited to share another edition of The Monitor, a quarterly newsletter published by the Office of the State Auditor. OSA has been working diligently to protect North Carolina's taxpayers from fraud, waste and abuse and conducting routine financial audits of our state's assets and liabilities.

In April, we released our [Statewide Single Audit](#) of federal awards for 2023. North Carolina spent approximately 35 billion dollars in federal funds. Funds were distributed among 618 different programs across the state. Our job at OSA was to ensure these funds are received and disbursed according to state and federal law. North Carolina was one of the few states in the country to have a timely submission of our Statewide report and findings to federal officials. This was due in part to our incredibly talented and hardworking audit staff here at OSA, as well as our partners at The Office of State Budget & Management and The Office of the State Controller.

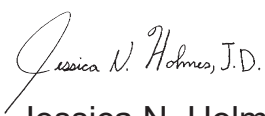
In May, OSA published two impactful investigative audit reports:

- [The Town of Fremont](#): The results of our investigative audit of the Town found a total of eight findings including violations of Town policy, State law, and Federal tax law.
- [Fayetteville State University](#): The results of our investigative audit include four findings related to the University's Office of Strategic Communication not following University policies.

## *Who Audits the Auditor?*

Last week, a team of seven professionals from State Auditors' Offices across the country visited OSA to conduct a peer review of our quality control procedures. We are pleased to have received a "clean opinion." The most beneficial part of this review came from the exchange of ideas that took place, and we appreciate the feedback that the team provided during the review and at the exit conference. The team specifically complimented our consistency of workpaper documentation throughout audits, detail at fully explaining auditor's judgement to support conclusions, and how responsive and helpful everyone was. What a way to celebrate the end of the fiscal year!!! Congratulations on this success OSA and thanks to all of you for a job well done for the citizens of North Carolina!!!

Finally, on behalf of all OSA, I wish you and your loved ones a safe, relaxing 4th of July.



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## OSA IN THE NEWS

- ABC11: [FSU Audit | State audit finds some employees at Fayetteville State misused nearly \\$700K on university-issued credit cards \(May 28, 2024\)](#)
- WRAL: [Audit: Fayetteville State University employees misused \\$692,000 in credit cards \(May 28, 2024\)](#)
- Carolina Journal: [Audit finds people living in Fremont town hall \(May 17, 2024\)](#)
- Carolina Journal: [Audit: NCDHHS mismanaged millions in federal funds \(Apr. 15, 2024\)](#)
- Carolina Journal: [State audit finds NC Dept of Commerce did not adequately monitor millions in federal funds \(Apr. 12, 2024\)](#)
- Carolina Journal: [State audit finds reporting and oversight errors with millions in federal pandemic funds for NC schools \(Apr. 15, 2024\)](#)

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