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State of North Carolina*



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State Auditor's Office Report: North Carolina Office of Recovery and Resiliency

November 19, 2025



Legislative Oversight and Audit Mandate



The North Carolina Office of the State Auditor (OSA) conducted an independent assessment of the North Carolina Office of Recovery and Resiliency's (NCORR) administration of the Homeowner Recovery Program (HRP) for Hurricanes Matthew (2016) and Florence (2018).



Based on concerns regarding NCORR's delays, cost overruns, and lack of transparency in use of disaster recovery funds, the General Assembly directed the Office of the State Auditor to perform a review of NCORR and report its findings to the Joint Legislative Commission on Governmental Operations.



This report focuses on NCORR's financial stewardship, vendor oversight, and program accountability of HRP.

Objectives



To identify systemic challenges, assess the adequacy of internal controls and program management.



To provide actionable recommendations to strengthen future disaster recovery efforts in North Carolina.



NCORR Funding



- In response to Hurricanes Matthew and Florence, NCORR was formed in 2018.
- NCORR has managed over **\$1 billion** in combined federal and State funding.
 - **\$709 million** from the federal Community Development Block Grant (CDBG).
 - **\$297 million** from State appropriations.

Table A: Funding for Homeowner Recovery Program

Funding Source	Date	Amount Awarded
CDBG-DR Funds (Matthew)*	July 29, 2019	\$ 207,635,032
CDBG-DR Funds (Florence)	August 17, 2020	\$ 457,144,299
Session Law 2024-53 (State Funds)	October 24, 2024	\$ 30,000,000
CDBG-MIT Funds transferred to HRP	October 31, 2024	\$ 44,174,078
Session Law 2024-57 (State Funds)	December 11, 2024	\$ 50,000,000
Session Law 2025-2 (State Funds)	March 25, 2025	\$ 217,000,000
	Total	\$ 1,005,953,409

* Grant transferred from NC Department of Commerce to NC Department of Public Safety related to Hurricane Matthew at the establishment of NCORR.

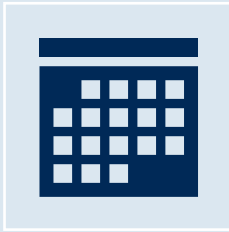
Source: CDBG Grant Agreements and Session Laws

Homeowner Recovery Project (HRP)

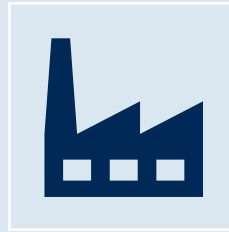


- **NCORR's Flagship program** provided financial and logistical support to help eligible homeowners repair, reconstruct, replace, or elevate their homes.
- Homeowners were required to submit a completed application with supporting documentation, such as proof of ownership, occupancy, income verification, and details of storm-related damage.

Application Process



The HRP application period closed on April 21, 2023.



HRP received 11,654 applications and completed 3,522 projects as of April 2025.



Application and grant activities were tracked in Salesforce.

Application Process



Table 4: Average Time by Step for HRP Application Processing

Step Number	Title of Step	Explanation	Average Days in Step
1	Intake	Verifying application was complete, all documents received	140
2	Eligibility Determination	NCORR review to determine if the applicant was eligible for HRP	138
3	Duplication of Benefits Review	Determine disaster recovery funds received from other sources	178
4	Inspection and Environmental Review	Inspection of affected property, complete environmental review, lead and asbestos inspections, scope of work development, and estimates	290
5	Grant Determination	Determination of award amount	936
6	Contractor Selection	Bidding construction projects (for a series of homes), executing contracts, establishing timelines	200
7	Construction	Beginning construction through final inspection and walkthrough	368
8	Closeout	Completing final reviews	223

Source: OSA's analysis based on available Salesforce data from NCORR.

There were eight steps that applicants had to go through in order for a project to be completed.

Each step took at least 100 days on average - over three months.

Grant determination took an average of 936 days, or 2.5 years.

On average, construction on eligible projects did not begin until about four years after homeowners were deemed eligible for HRP.

Temporary Relocation Assistance



- Prolonged timelines between project phases, such as bidding, contract execution, and construction, meant that homeowners had to rely on Temporary Relocation Assistance (TRA) for extended periods.
- Some families remained in temporary housing for more than 1,400 days, incurring lodging costs exceeding \$230,000 for a single household.

Table 5: Payments for Temporary Relocation Assistance

Type of Assistance	Total Spent	Number of Households
Stipend	\$26,900,735.75	1,825
Apartment	1,079,056.79	100
Family and Friends Lodging	5,343,356.13	593
Hotel	28,032,165.14	873
Storage	13,045,419.94	2,831
Total	\$74,400,733.75	

Source: Auditor's analysis based on available Salesforce data from NCORR

What Went Wrong?

Process vs. Outcome

- OSA consulted **Craig Fugate, former Director of the Federal Emergency Management Agency (FEMA)** and Florida Emergency Management, to provide an external perspective on NCORR's performance.
- Fugate cautioned: **“Don’t confuse process with outcomes.** Without defined criteria, you are paying for process,” and further observed that NCORR **“spent a tremendous amount of time on process, when their job was swinging hammers.”**
- Need to prioritize measurable results over procedural compliance.





Key Finding #1: Poor Budgeting Practices

- Financial commitments exceeded available funds.
- No comprehensive needs assessment of total disaster-related need.
- This approach meant NCORR did not know the full cost of recovery until after the application period closed.
- Overcommitment resulted in a nearly \$300 million shortfall, requiring emergency appropriations.

Table 1: Additional Funding

Funding Source	Date	Amount Awarded
Session Law 2024-53 (State funds)	October 24, 2024	\$30,000,000
CDBG-MIT Funds transferred to HRP	October 31, 2024	\$44,174,078
Session Law 2024-57 (State funds)	December 11, 2024	\$50,000,000
Session Law 2025-2 (State funds)	March 25, 2025	\$217,000,000
	Total	\$341,174,078

Source: Session Laws

Key Finding #1: Poor Budgeting Practices

NCORR managed the HRP using three systems:

1. **North Carolina Financial System (NCFS)**, previously NCAS, tracked expenditures, processed payments, and generated financial reports.
2. **Disaster Recovery Grant Reporting (DRGR)** handled federal funds access, Action Plans, and compliance reporting for the U.S. Department of Housing and Urban Development (HUD).
3. **Salesforce** managed homeowner cases, tracked projects, and maintained program data.

Exhibit 1: Variances Between Systems

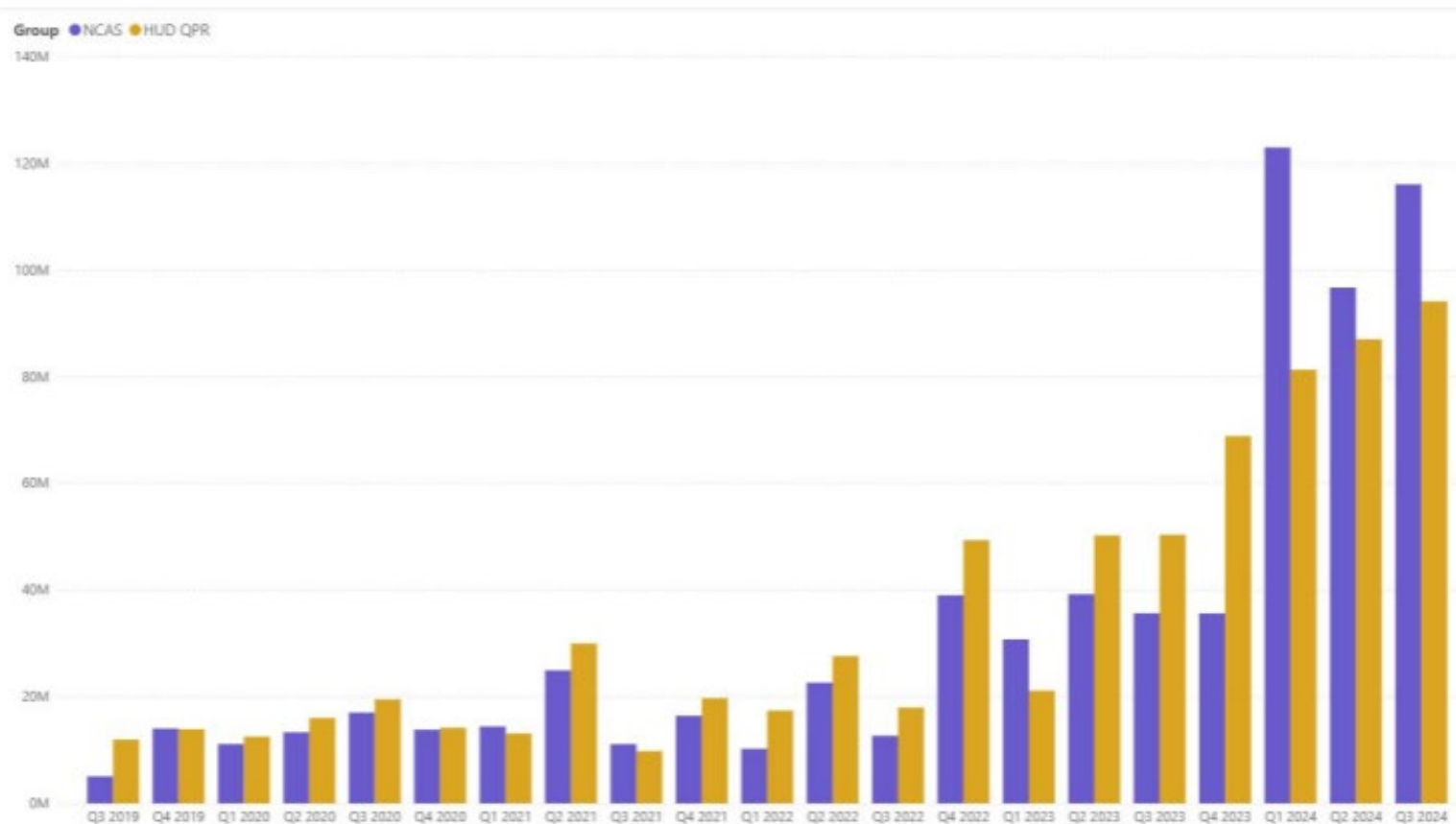


Inconsistent reconciliation across these systems led to discrepancies in NCORR's financial records, with each system reporting different total Community Development Block Grant–Disaster Recovery (CDBG-DR) expenditures for HRP as of April 2025. **NCORR's lack of reconciliation deprived its leadership of a single, reliable source of truth for decision making.**



Key Finding #1: Poor Budgeting Practices

Exhibit 3: Variances in Reporting on QRPs



Source: OSA's analysis based on available data from NCORR

Exhibit 3 shows the variances between the accounting system and the figures NCORR reported in Quarterly Performance Reports from Q3 of 2019 through Q4 of 2024. In total, there was a \$27.5 million difference in expenses reported.



Key Finding #2: Poor Data Quality



Incomplete and inconsistent program data within Salesforce caused HRP to experience operational challenges and delays.



NCORR spent more than \$25.4 million on design and implementation of the Salesforce platform, including costs related to ongoing consulting and technical support.



Issues included blank fields, negative processing times, missing 'Notice to Proceed' dates, and instances of applications marked 'Complete' without corresponding end dates.



Data shortcomings made backlog assessments and process tracking difficult.

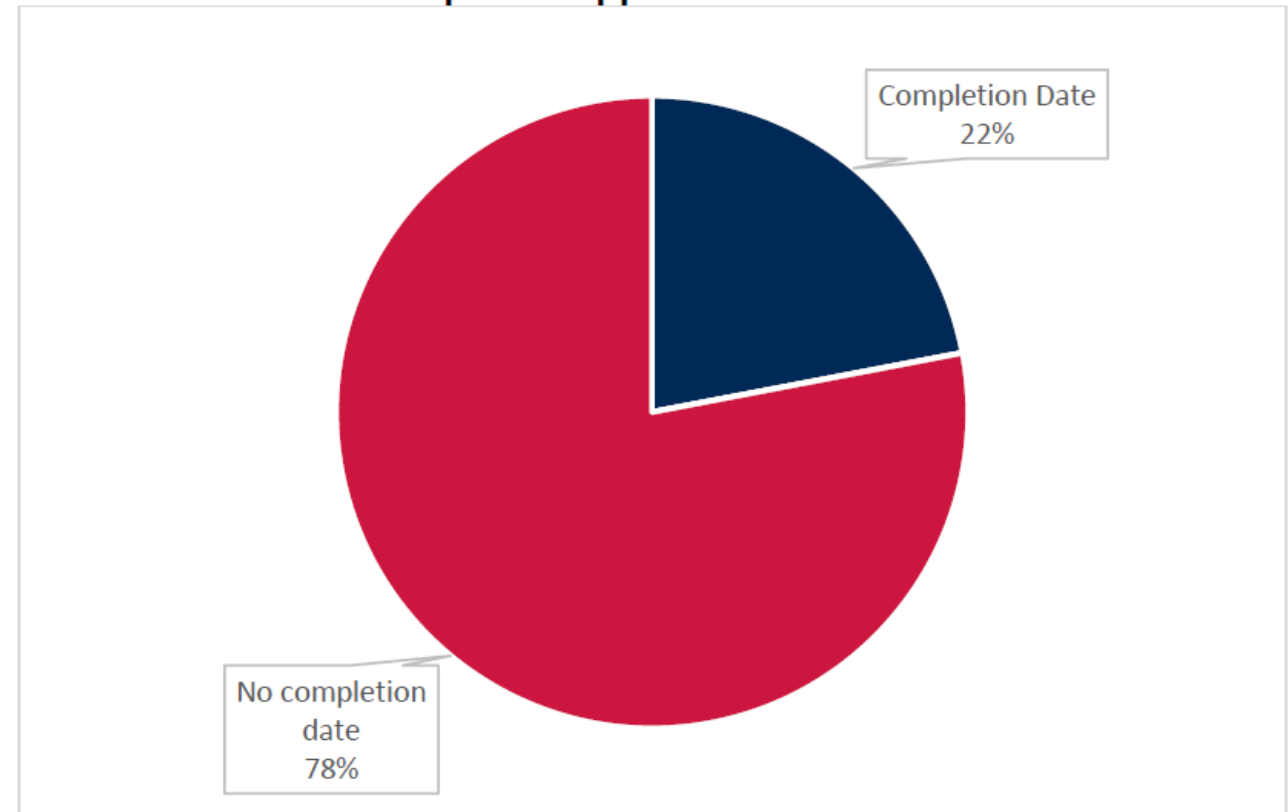


Inconsistent reconciliation across these systems led to discrepancies in NCORR's financial records, with each system reporting different total CDBG-DR expenditures for HRP as of April 2025.

Key Finding #2: Poor Data Quality

Example: Over 11,000 applications were processed through Salesforce for HRP. Of those, over 3,400 were marked as complete in the system, but only 771 had an end date for the project.

Exhibit 4: Completed Applications Without End Date



Source: OSA's analysis based on available Salesforce data from NCORR

Key Finding #3: Insufficient Budget Controls & Monitoring



NCORR failed to translate HUD Action Plans into practical, enforceable budgets and schedules for daily management of HRP.

Without a structured financial roadmap or ongoing budget monitoring, NCORR operated reactively, making spending decisions based on available funds rather than comprehensive needs or performance targets.

The absence of regular reconciliation between planned budgets and actual expenditures, and the lack of proactive oversight, were significant factors in the \$297 million budget shortfall.





Key Finding #4: Inadequate Oversight of Vendors



NCORR relied heavily on vendors to assist in the administration of HRP, including case management, construction management, and inspections.



However, NCORR's inadequate oversight of its vendors contributed to increased program costs and operational inefficiencies.



Only one out of six program administration contracts included Key Performance Indicators (KPIs), and those KPIs lacked defined performance thresholds.



Vendor contracts did not require specific performance monitoring or link payment to results. As a result, NCORR did not consistently monitor vendor performance or hold vendors accountable for contract compliance.

Salesforce:
Payments to
vendors under the
HRP totaled
\$784.7 million

Recommendations



OSA's findings reinforce the importance of outcome-based management in disaster recovery.

As Craig Fugate emphasized, agencies must avoid confusing activity with achievement:
“Don’t confuse process with outcomes. Without defined criteria, you are paying for process.”

North Carolina will endure other disasters for which long-term recovery efforts are necessary.



Recommendations

Long-term: OSA makes the following recommendations for future disaster recovery:

1. **Establish a SOLID Partnership for Disaster Recovery** – The State of North Carolina’s Council of State, along with the Department of Public Safety, should work with the General Assembly on appropriate legislative changes to establish a Sustainable Outcomes for Long-Term Impact and Disaster Recovery (SOLID) Partnership.
2. **Budget and Financial Oversight** – Establish a budget plan, including a plan, policies, and procedures to monitor the budget.
3. **Contract Management** – Any agency that relies on vendors to perform work should create robust contract management procedures.
4. **Data Integrity and Reporting** – Implement robust data management systems to ensure complete and accurate financial and programmatic records.



Recommendations

Short-term: OSA makes the following recommendations for the remainder of HRP and NCORR:

1. **Improve Budgeting and Financial Oversight** – To improve program accountability and ensure compliance with HUD requirements during the closeout phase, NCORR should align its processes and decision-making with the HUD Action Plans.
2. **Strengthen Contract Management** – NCORR relied on vendors to assist with the administration of HRP without providing adequate oversight.
3. **Contract Management** – Any agency that relies on vendors to perform work should create robust contract management procedures.
4. **Enhance Data Integrity and Reporting** – NCORR's lack of reconciliation deprived its leadership of a single, reliable source of truth for decision-making.

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