

# **NORTH CAROLINA OFFICE OF STATE HUMAN RESOURCES**

## **NC FLEX PROGRAM**

### **INVESTIGATIVE REPORT**

**2016-OSHR-INV-1**

**MAY 2016**



Prepared by:

***North Carolina  
Office of State Budget and Management  
Office of Internal Audit  
Interagency Internal Audit Program***

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# STATE OF NORTH CAROLINA

## *OFFICE OF INTERNAL AUDIT*

### AUDITOR'S TRANSMITTAL

May 31, 2016

Mr. Neal Alexander Jr., Director, North Carolina State Human Resources  
116 West Jones Street  
Raleigh, NC 27699

At the request of the North Carolina Office of Human Resources, we have completed our investigation of allegations concerning the North Carolina Flex Benefits Program's Communication Fund. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the State Auditor, State Bureau of Investigation and other appropriate officials.

Respectfully submitted,

*Barbara Baldwin*

Barbara Baldwin, CIA, CPA, CICA  
Director of Internal Audit  
Office of State Budget and Management

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# Executive Summary

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## Introduction, pages 1-4

The Office of State Human Resources (N.C. OSHR) requested the Office of State Budget and Management's Office of Internal Audit to review the North Carolina Flex Communication Fund (Communication Fund). This review does not include the Flexible Spending Accounts.

Vendors pay a fee to N.C. OSHR which is placed in the Communication Fund that is maintained by the P&A Group, Inc. (P&A). The purpose of this Fund is to promote, market, and communicate the opportunities related to the North Carolina Flex Benefits Program.

## Conclusions in Brief

N.C. OSHR allowed P&A to maintain the Communication Fund. Responsibilities included: maintaining a separate bank account; collecting fees paid by NC Flex Vendors; and paying invoices to purchase items at the request of NC Flex employees. The purpose of the Communication Fund was to promote, market and communicate the benefits of the NC Flex program. N.C. OSHR and P&A did not establish adequate internal controls to ensure funds were spent for its intended purpose which lead to fraudulent, wasteful, and abusive spending by the prior Program Manager and NC Flex Employees.

## Findings and Recommendations, pages 5 – 47

1. Prior Program Manager misappropriated \$500,085.22 of the Communication Funds by submitting fictitious receipts, duplicate receipts, personal receipts, other individual's receipts, unauthorized receipts, and overstated receipts..... Pages 5-23
2. Two NC Flex Employees misappropriated \$4,396.07 by submitting receipts that were paid with the Communication Fund for reimbursement from the N.C. Flex Operations Fund or purchasing personal items..... Pages 24-28
3. NC Flex Employee obtained \$86.30 for a duplicate travel voucher..... Page 29
4. Questionable cost totaling \$20,550.90 related to travel, meals, and electronics benefit Vendors and NC Flex Employees..... Pages 30-35
5. State laws and policies, and N.C. OSHR's internal policies were circumvented leading to noncompliance with procurement requirements, temporary employment policies, requirement around receiving gifts and favors from vendors, nepotism and use of the State's Mail Service Center..... Page 36-47

The N.C. Office of State Human Resources was provided a draft of this report for review. The N.C. OSHR response to the report is included on page 97.

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# Introduction

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## PURPOSE

The North Carolina Office of State Budget and Management's (OSBM) Office of Internal Audit was requested by the North Carolina Office of State Human Resources (N.C. OSHR) to investigate the Communication Fund of the North Carolina Flex Benefits program (NC Flex). The allegation asserted expenditures were suspicious and not related to the purpose of the NC Flex Communication Fund.

## SCOPE AND METHODOLOGY

The scope of this investigation includes a review of the NC Flex Communication Fund from January 1, 2012 through December 31, 2015. This investigation does not include the Flexible Spending Accounts administered by P&A.

In order to complete this investigative review, the following procedures were performed:

- Review of applicable North Carolina General Statutes;
- Review of applicable North Carolina Administration Codes;
- Review of applicable State Budget and N.C. OSHR policies;
- Review of applicable contracts;
- Interviews with N.C. Department of Administration's Division of Purchase and Contract employees;
- Interviews with NC Flex current and prior employees;
- Interviews with P&A employees;
- Interviews with NC Flex vendor employees (vendors providing products for the NC Flex program);
- Examination & analysis of NC Flex employee's travel vouchers;
- Examination & analysis of NC Flex employee's BEACON time records;
- Examination & analysis of NC Flex Communication Fund's general ledger transactions;
- Examination & analysis of NC Flex Communication Fund's bank records;
- Examination & analysis of NC Flex Communication Fund's credit card records;
- Examination & analysis of the prior NC Flex Program Manager credit card records;
- Contact businesses where services and commodities were purchased; and
- Review of emails for NC Flex current and prior employees.

## BACKGROUND

In 1992, the Government Performance Audit Committee determined that the State's employee benefits programs were fragmented and not cost-effective. The Committee recommended that North Carolina State should offer a full flexible benefits plan.

## Introduction

On December 5, 1994 the Governor issued an Executive Order to create a voluntary statewide flexible benefits program to be administered by the North Carolina Office of State Personnel<sup>1</sup>. The State Personnel Director was designated as the flexible benefits coordinator, and a Statewide Flexible Benefits Advisory Committee was established under the executive order. The committee assists in the development, maintenance and benefit plan review of the program, with its members representing human resources and benefit staff from state agencies, universities and community college system, and two members from the private sector. The current N.C. OSHR Senior Management disbanded the committee and established a smaller scale working group that provides input related to the program.

The NC Flex program was implemented in 1995 which includes three full time state staff members. The program grew to five permanent employees and one temporary employee. During FY 2015, two positions were eliminated from the NC Flex program. These positions were funded from the NC Flex Operations Fund (see page 4 for more information on the NC Flex Operations Fund).

Initially offering only a Dependent Day Care Flexible Spending Account (FSA), the NC Flex program has continually added plans and services that provide employees with an array of benefits. Total participation for the program over the last ten years is shown in Table 1.

The NC Flex program provides a variety of pre-tax plans. The plans are available to employees who hold permanent, probationary, or time-limited positions and who work 20 or more hours per week at the Executive, Legislative and Judicial branches of State Government, or any entity created by the State of North Carolina. NC Flex programs offers:

- Health Care Flexible Spending Account;
- Dependent Day Care Flexible Spending Account;
- Dental Plan;
- Vision Plan;
- Critical Illness Plan;
- Group Term Life Insurance;
- Cancer Plan;
- Voluntary Accidental Death and Dismemberment; and
- Core Accidental Death and Dismemberment.

<b>Table 1 NC Flex Participants</b>	
<b>Fiscal Year</b>	<b>Participants</b>
2006	146,233
2007	155,607
2008	171,191
2009	198,753
2010	226,082
2011	242,924
2012	243,178
2013	252,821
2014	294,768
2015	286,534

### FLEXIBLE SPENDING ACCOUNT

In 1995, Aon Consulting a third-party administrator (TPA) was chosen to administer the Flexible Spending Accounts (FSA) for Health and Dependent Care through a competitive bid process which included bids from 11 firms. Aon Consulting began its TPA responsibilities as of January 1, 1996. In 2011, the FSA was rebid since some activities performed by Aon Consulting were moved out of

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<sup>1</sup> Amended to Office of State Human Resources.

## Introduction

the country and Aon Consulting did not notify N.C. OSHR as required by the contract<sup>2</sup>. The responsibilities of consulting remain with Aon. A contract for the responsibilities of FSA administration was awarded to P&A through a competitive bid process. The three-year contract with P&A was \$3,150,000 with two one-year renewal options. P&A began its responsibilities on January 1, 2012.

### NC FLEX COMMUNICATION FUND

The purpose of the NC Flex Communication Fund is to promote, market, and communicate the opportunities and benefits of the NC Flex Benefits program. Aon was responsible for managing the Communication Fund from January 1, 1996 to December 31, 2011. On January 1, 2012, the responsibility was transferred to P&A. The Communication Fund generates revenue by charging a fee which is paid by the provider's awarded (vendor) benefit plans. Each vendor was responsible to pay \$3.00 per person that enrolled in each plan listed on previous page. Revenues for the Communication Fund were collected by P&A and deposited into a separate non-interest bearing bank account with M&T Bank. These funds were not deposited with the State Treasurer since the prior N.C. OSHR's administration deemed the Fund "vendor money".

P&A is located in Buffalo, New York. The NC Flex prior Program Manager requested P&A to provide a representative located in North Carolina. P&A hired the NC Flex temporary employee<sup>3</sup> to be the Local P&A Representative. This individual worked as a NC Flex temporary employee for approximately two years and reported directly to the NC Flex prior Program Manager. On January 1, 2012, the NC Flex temporary employee became the Local P&A Representative.

There were two methods for spending money from the Communication Fund. First, NC Flex employees could contact the Local P&A Representative in North Carolina to purchase commodities or services. The Local P&A Representative controlled a credit card that was used for purchases or P&A would issue a check for larger purchases. Second, the prior NC Flex Program Manager could submit an invoice, with attached receipts for reimbursement, directly to P&A, located in Buffalo, New York. The money would be wire transferred to the prior Program Manager's personal bank account.

Table 2 shows the Communication Fund history as of January 1, 2012 when the Fund was transferred from AON to P&A.

<b>Table 2</b>				
<b>Communication Fund</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Balance Forward	\$92,330.40	\$606,451.82	\$934,498.60	\$1,227,706.06
Income	721,168.75	747,780.25	747,780.25	839,994.25
Expense	207,047.33	419,733.47	454,572.79	2,067,700.31 <sup>1</sup>
Year End Balance	\$606,451.82	\$934,498.60	\$1,227,706.06	\$0.00
1. N.C. OSHR transferred \$1,520,567.07 to the North Carolina State Treasurer.				

<sup>2</sup> Per N.C. OSHR Senior Management

<sup>3</sup> This person worked through Temporary Solutions.

## Introduction

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Major activities paid from the Communication Fund include:

- Enrollment Guide Development and Printing;
- Sensible Savings Training;
- Human Benefits Representative Conference;
- Train the Trainer Session;
- Benefit Enrollment Fairs; and
- Promotional Web Videos.

Conference and training sessions were held across the State to educate Human Benefits Representatives' (HBR's) employees about the different benefit plans or State employees about the benefit of enrolling. The conferences and trainings included food, promotional items and giveaway items. Giveaway items included vendor donated gifts, gift cards, or computer tablets purchased with the Communication Fund.

### **NC FLEX OPERATIONS FUND**

The purpose of the NC Flex Operations Fund is to pay for the operational cost associated with the NC Flex section within N.C. OSHR. These Funds are on deposit with the North Carolina State Treasurer and accounted for in the North Carolina Accounting System (NCAS). This Fund supports the:

- Salaries and benefits for NC Flex employees;
- Administrative fees related to NC Flex contracts;
- Travel and training costs for NC Flex employees; and
- Office supplies and equipment needs for the NC Flex section.

## Findings and Recommendations

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### **1. PRIOR NC FLEX PROGRAM MANAGER MISAPPROPRIATED \$500,085.22 FROM THE COMMUNICATION FUND**

The Communication Fund was maintained in a separate account at M&T Bank. P&A was responsible for the administration of the Fund. No formal contract was executed defining the accounting responsibilities and duties of each party. The P&A's Chief Executive Officer and Chief Financial Officer stated, P&A was only the bookkeeper and not responsible for reviewing and/or approving any money spent from the Communication Fund. P&A received \$12,500 the first year and \$19,200 in subsequent years for managing the Communication Fund.

Significant internal controls weaknesses were identified during this review including:

- No contract established between P&A and N.C. OSHR for administration of the Communication Fund;
- Lack of N.C. OSHR Senior Management oversight of the Communication Fund including the review and approval of reimbursements for expenditures made by the prior Program Manager; and
- No formal written policies and procedures for the use of the Communication Fund.

According to interviews with the prior Operations and Benefits Director and the current Total Rewards Director (N.C. OSHR Senior Management), the prior Program Manager had full authority over the Communication Fund with no oversight from N.C. OSHR Senior Management. N.C. OSHR Senior Management did establish a policy requiring all in-State and out-of-State travel conducted by the N.C. Flex employees to be paid from NC Flex Operations Fund and not the Communication Fund. Controls were in place for N.C. OSHR Senior Management to approve travel authorizations and review all travel vouchers prior to reimbursement from the NC Flex Operations Fund.

From May 2012 through February 2015, the prior Program Manager submitted 32 monthly invoices, with attached receipts, directly to P&A for reimbursement. These invoices amounted to \$540,462.02. P&A wire transferred the funds to the prior Program Manager's personal bank account. The current and prior N.C. OSHR Senior Management was not aware of these invoices since only the prior Program Manager's approval was required for P&A to pay the invoice from the Communication Fund. A review of 1,073 accompanying receipts, N.C. OSHR employee travel vouchers, and the prior Program Manager's credit card statements identified \$500,085.22 was misappropriated.

General Statute § 14-100 and § 143-58.1 addresses obtaining property by false pretense or for personal use, respectively, as follows:

"If any person shall knowingly and designedly by means of any kind of false pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a future fulfillment or event, obtain or attempt to obtain from any person within this State any money, goods, property, services, chose in action, or other thing of value with intent to cheat or defraud any person of such money, goods, property, services, chose in action or other thing of value, such person shall be guilty of a felony..."

## Findings and Recommendations

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It shall be unlawful for any person, by the use of the powers, policies or procedures described in this Article or established hereunder, to purchase, attempt to purchase, procure or attempt to procure any property or services for private use or benefit.

The North Carolina State Budget Manual, Section 5, outlines requirements for travel including the following:

5.0.2 An employee traveling on official state business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary, unjustified, or for the convenience or personal preference of the employee in the performance of official state business are prohibited.

5.0.3 These policies are intended to apply only to those state employees or other persons on official state business. Official state business occurs when the State employee or other person is traveling to attend approved job related training, work on behalf of, officially represent, or provide a state service upon the State's request. Travel that would not directly benefit the State will not be reimbursable.

5.1.5 Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for overnight stays. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the overnight lodging was necessary and accomplished.

5.1.10 Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for meals. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the payment for meals was necessary and accomplished.

All North Carolina General Statute, North Carolina Administrative Code, North Carolina State Budget Manual and North Carolina OSHR Policies are included in Appendix A.

The prior Program Manager obtained money from the Communication Fund by submitting invoices for reimbursement which included the following methods:

- Fictitious receipts (see page 7 for further details);
- Duplicate reimbursements for the same receipt (see page 10 for further details);
- Personal expenses (see page 12 for further details);
- Other individual's receipts (see page 20 for further details);
- Unauthorized travel expenses (see page 20 for further details);
- Over stated expenses (see page 22 for further details); and
- Reimbursement with inadequate support (see page 22 for further details).

## Findings and Recommendations

### 1.1 Prior Program Manager Received \$361,921.04 By Submitting Fictitious Receipts

The prior Program Manager submitted 108 fictitious documents as legitimate receipts for business related expenditures totaling \$361,921.04. These receipts were included in the invoices submitted directly to P&A for reimbursement. These documents were not reviewed and approved by N.C. OSHR Senior Management before submission to P&A. The documents were handwritten order/registration forms, electronic order/pricing sheets, quotes, or altered receipts. These documents did not have a receipt showing the expense had actually been paid. The N.C. State Bureau of Investigation and the N.C. OSBM investigative team contacted approximately 65 businesses to verify if these documents were paid and by whom. Table 3 provides the amounts and methods used by the prior Program Manager to obtain money from the Communication Fund. Each method is discussed below.

TABLE 3 Fictitious Receipts		
Method	Number of Transactions	Amount
Handwritten Forms	76	\$304,140.55
Electronic Order/Price Forms	17	40,845.14
Quotes	6	9,977.60
Invoice Not Paid per Vendor	5	4,665.00
Emails	2	2,000.00
Calculator Tape	1	213.00
Memo Request	1	79.75
Total	108	\$361,921.04

#### Handwritten Forms

There were 76 handwritten or altered forms/documents totaling \$304,140.55 listed below.

- 17 handwritten sponsorships forms totaling \$232,625;
- 30 conferences, registration, and training forms totaling \$62,161;
- 25 memberships and subscriptions forms totaling \$8,971.55;
- 3 altered hotel invoices totaling \$293; and
- 1 fake document totaling \$90.

Items a through c above were handwritten forms. Businesses confirmed these documents were not paid and the prior Program Manager did not register or attend these events, or obtain memberships and subscriptions. One example was a sponsorship form with a printed date of 2014. The prior Program Manager marked through the 2014 and added 2015, completed the form for \$30,000 and received reimbursement in December 2014. See Appendix B on pages 61 – 65 for this and other examples of handwritten forms.

Item d above included three hotel invoices. Two had no charges, but a handwritten total was added to the document. The third document, a hotel bill for \$13.10 had \$100 handwritten as tips making the total reimbursement \$113.10. See Appendix B on pages 66 – 67 for examples.

Item e above was one fake document for \$90. This was a handwritten taxi cab receipt stating travel was to the Hilton, Newark and back. The business owner stated their taxi cab was in Raleigh which corresponds with the telephone number on the document. See Appendix B on page 68 for this receipt.

## Findings and Recommendations

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### Electronic Order/Price Forms

There were 17 order/price documents totaling \$40,845.14. These documents were computer printouts of purchases that were never completed. The documents were printed just before the final step of payment. Many of the documents included handwritten notation of the last four digits of a credit card, “paid”, and/or the prior Program Manager’s signature. Documents included:

- a. 6 sponsorships/booth exhibits totaling \$17,100;
- b. 5 conference registrations totaling \$12,955;
- c. 3 hotel registrations totaling \$5,367.04;
- d. 2 membership registrations totaling \$4,715; and
- e. 1 airfare totaling \$708.10.

Item a above included three sponsorships and three booth exhibits at different conferences. The sponsorships totaled \$13,200. Three of the documents had a handwritten notation “paid”, two documents include the last four digits of a credit card, and one document had the prior Program Manager’s signature. These businesses confirmed the sponsorships were not paid. The three booth exhibit documents totaled \$3,900. One business confirmed the \$2,500 was not paid and the document had a handwritten notation “\$2,500 Paid by Mcard 7/31/13”. The other two booth exhibit costs were paid by NC Flex Operations Fund, which was validated by the OSBM investigative team. See Appendix B on page 69 for an example.

Item b above included five conference printouts that had “paid” handwritten on the document and were signed by the prior Program Manager. Four of the five had the last four digits of a credit card number handwritten on the document. These businesses confirmed no payment was received and the prior Program Manager was not registered for these events. See Appendix B on page 70 for an example.

Item c above included three hotel inquiries or confirmations. The first was a hotel inquiry for five nights at the Hyatt Regency Coconut Point Resort and Spa in Florida for \$3,491. There were no dates on this document; however, the document was printed on March 14, 2015, fifteen days before the prior Program Manager’s retirement. The second document for \$1,716.12 was a hotel confirmation not in the prior Program Manager’s name. The confirmation was for a different N.C. OSHR employee to stay at the Hyatt Regency in Orlando, Florida, September 26 through September 29, 2015, the actual cost on the confirmation was double since the prior Program Manager was to attend the conference too. The prior Program Manager retired on April 1, 2015. The OSBM investigative team verified with the N.C. OSHR Senior Management that the employee paid and was reimbursed for this cost by N.C. Operations Fund. The last hotel inquiry was for the night of April 19, 2013, in San Francisco, California totaling \$159.92. The prior Program Manager was in California but his authorization and return airfare was dated April 19, 2013. See Appendix B on page 71 for an example.

Item d above included a Ragan Training and HR Summit membership printed on March 10, 2014 and April 16, 2014, respectively. Both businesses confirmed the prior Program Manager did not have a membership in 2014 or 2015. See Appendix B on page 72 for an example.

## Findings and Recommendations

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Item e above was an inquiry for airfare from Raleigh/Durham airport to Fort Myers, Florida departing on April 4, 2015 and returning on April 9, 2015. The prior Program Manager retired on April 1, 2015. See Appendix B on pages 73 – 74 for this document.

### Quotes

Six documents were quotes totaling \$9,977.60. Businesses confirmed five quotes were not paid. These were for a membership to World at Work for a different N.C. OSHR employee, a body composition analyzer, grant writing service agreement, and two quotes for hiring two massage therapists to work at the health and wellness fairs open to State employees. The sixth quote was for a massage therapist to work at the spring 2013 health and wellness fair. Prior and present N.C. OSHR NC Flex employees validated the service was provided. The quote was for \$1,280. The business confirmed receiving a payment but could not provide the amount. A review of the prior Program Manager's master credit card statement verified a \$960 payment on April 17, 2013 to this business. However, the reimbursed amount was \$1,280. This led to an over reimbursement of \$320 since the prior Program manager wrote on the quote "Paid by MC \$1,280 4/11/13". See Appendix B on pages 75 – 76 for examples.

### Invoices Not Paid

Businesses confirmed five invoices totaling \$4,665 were not paid. Three documents for memberships stated "balance due", one document for a sponsorship stated "invoice due upon receipt" and one document for a conference stated "please include a copy of this invoice with your payment." Only two of these documents had a handwritten notation including the prior Program Manager's name and signature, date and last four digits of a credit card number. See Appendix B on pages 77 – 78 for examples.

### Email

Two emails were submitted as receipts. A conference sponsorship for \$1,000 was confirmed as not paid by the business. An email from Covington to the prior Program Manager dated July 24, 2013 had a handwritten notation "Paid Membership and NC Flex promotion ad \$1,228.98 by Mcard" and was signed by the prior Program Manager. A review of the prior Program Manager's master credit card statement verified \$228.98 was paid on July 23, 2013 to Covington. The email was \$1,000 over the actual payment. Covington did not respond to phone messages and an email. N.C. OSHR Senior Management stated this would not be an approved transaction for the NC Flex program. See Appendix B on page 79 for Covington email and page 80 for the credit card statement.

### Calculator Tape

One calculator tape was included in the April 2013 invoice submitted to P&A. The tape had four numbers totaling \$213. The individual numbers nor the total could be traced to any charges on the prior Program Manager's master credit card statement. The April 2013 invoice listed the \$213 as supplies in both the vendor and category columns submitted to P&A for reimbursement. See Appendix B on page 81 for this document.

## Findings and Recommendations

### Memorandum

The prior Program Manager was a Board member of the Voluntary Benefits Association (VBA). A memorandum from VBA requiring members to pay \$79.75 for business cards was submitted to P&A for reimbursement. The VBA verified all Board members received business cards at no charge and a check was not received from the prior Program Manager. See Appendix B on page 82 for the memorandum.

### **1.2 Prior Program Manager Received \$60,732.67 in Duplicate Payments**

There were 200 documents that were paid more than once with State Funds. These documents were invoices, receipts, confirmations, registrations, solicitations, partial invoices, credit card statements, remittance slips, and order forms. These documents were submitted to P&A for reimbursement from the Communication Fund and paid through other processes as shown in Table 4.

<b>Table 4 Duplicate Reimbursements</b>		
<b>Method</b>	<b>Number of Transactions</b>	<b>Amount</b>
Communication Fund Duplicate	78	\$28,707.36
Prior Program Manager Travel Reimbursement	80	13,178.04
NC Flex Operations Fund	19	10,788.63
Other NC Flex Employee Travel Reimbursement	19	7,091.95
NC Flex Credit Card Purchase	4	966.69
Total	200	\$60,732.67

### Communication Fund Duplicate

There were 78 items paid more than one time from the Communication Fund totaling \$28,707.36. Some of these items were submitted three times by the prior Program Manager for reimbursement or submitted twice and reimbursed from NC Flex Operations Fund based on an authorized travel voucher. The documents submitted for triple reimbursement include:

- Hotel bill for \$695.64, a copy for \$345.64 (less prepayment of \$350), and an email confirmation for the \$350 deposit all paid from the Communication Fund and submitted on the prior Program Manager's travel reimbursement from the NC Flex Operations Fund;
- Hotel bill for \$350.76 (printout before payment), final bill \$363.92 paid from the Communication Fund and submitted on the prior Program Manager's travel reimbursement from the NC Flex Operations Fund;
- Three solicitations for membership to a human resource society each for \$165, all three paid from the Communication Fund;
- Hotel bill paid twice for \$114.10 per bill from the Communication Fund and submitted on the prior Program Managers' travel reimbursement from the NC Flex Operations Fund;
- Phone bill remitted slip, the invoice, and the next month invoice included a past due amount each for \$65.25, all paid from the Communication Fund; and

## Findings and Recommendations

- Car rental confirmation printed at the time of booking the reservation, an email of the confirmation, both for \$36, and the actual receipt for \$34.68, all paid from the Communication Fund.

For a conference in National Harbor, Maryland, September 20 through 24, 2014, the prior Program Manager's travel authorization noted the conference sponsor paid for the prior Program Manager's registration, travel, and hotel cost and only meals would be reimbursed. The conference sponsor verified the hotel was paid directly by the conference and a check was issued to the prior Program Manager for \$300.20 for airfare. Also, the prior Program Manager received \$169.90 for meals from the travel reimbursement paid from NC Flex Operations Fund. The prior Program Manager submitted to P&A for reimbursement from the Communication Fund:

- An airfare confirmation printout for \$191.20 and a receipt for \$300.20;
- A receipt and a confirmation for a car rental pick up at the Baltimore-Washington Airport during the conference dates for \$259.25 each; and
- A hotel bill was submitted for meals (\$146.30) and valet parking (\$140). One invoice was reimbursed for the full amount of \$286.30, and a copy was reimbursed for a room service charge of \$59.52.

### Prior Program Manager Travel Reimbursement

The prior Program Manager received payment twice on 80 invoices totaling \$13,178.04 as shown in Table 5. The prior Program Manager followed policy when submitting these invoices to N.C. OSHR Senior Management for review and approval for payment from the NC Flex Operations Fund since the invoices were for approved purchases and/or travel items. However, a copy was also submitted to P&A for payment from the Communication Fund. Also, there was one hotel charge (\$111.62) on the Communication Fund's Credit Card which the prior Program Manager included in a travel voucher for reimbursement from the FC Flex Operations Fund.

Table 5 Travel Reimbursement Duplication		
Item	Number of Transactions	Amount
Hotel	16	\$4,152.70
Rental Car	6	2,174.54
Airfare	4	1,677.20
Books	3	1,425.23
Conference	1	1,225.00
Meal	28	1,157.07
Taxi Cab	8	596.50
Gasoline	12	549.80
Award Application	1	195.00
Parking	1	25.00
Total	80	\$13,178.04

### NC Flex Operations Fund

There were 19 invoices paid from the NC Flex Operations Fund totaling \$10,788.63 and the prior Program Manager submitted these invoice to P&A for reimbursement from the Communication Fund. These invoices were for training, booth exhibits, promotional items, membership dues, and trophies.

### Other N.C. Flex Employee Travel Reimbursement

The prior Program Manager was responsible for reviewing and approving N.C. Flex employee's travel reimbursements. There were 19 receipts included in the prior Program Manager's request for reimbursement to P&A that were also included in four N.C. Flex employee's travel

## Findings and Recommendations

reimbursements totaling \$7,091.95. Nine of these receipts totaling \$2,299.89 were charged on a business credit card which the prior Program Manager was financially responsible for paying (see Section 2 on page 24, for more information on the business credit card). The two employees responsible for these credit card transactions paid \$2,299.89 back to the prior Program Manager once the funds were received from the travel reimbursement. The other ten receipts totaling \$4,792.06 were charged on the employee's personal credit card and the prior Program Manager submitted a copy to P&A for reimbursement.

### Communication Fund Credit Card Purchase

There were four purchases using the N.C. Flex Communication Fund credit card that the prior Program Manager submitted to P&A for reimbursement from the Communication Fund totaling \$966.69. These purchases included airfare (\$211.60), two hotels (\$114.62) and a \$640.47 camera which was returned to N.C. OSHR during this investigation.

### **1.3 Prior Program Manager Received \$55,158.75 for Personal Expenditures**

The prior Program Manager submitted 451<sup>4</sup> receipts directly to P&A for transactions that were mischaracterized as business expenditures which were personal purchases. Table 6 shows the purchases categorized and the number of items purchased for each category. On page 19, Table 8 shows an itemized list for these categories. Each category is discussed below and copies of some invoices can be seen in Appendix B.

<b>Table 6 Personal Expenses by Category</b>		
<b>Category</b>	<b>Number of Transactions</b>	<b>Total</b>
Electronics/Communication Items	89	\$20,900.98
Transportation Not Authorized to Travel	107	10,234.11
Rental Expenses	4	5,952.54
Food including Meals	184	5,969.30
Hotel Bills Not In Travel Status	13	3,892.43
Gifts to State Employee and Friends	10	1,869.68
Moving Expenses	4	820.74
Other	61	5,518.97
Grand Total	472 <sup>2</sup>	\$55,158.75

### Electronic/Communication

There were 89 items purchased related to electronic/communication items totaling \$20,900.98. The largest item is 40 telephone bills for Verizon Wireless and AT&T. Verizon Wireless totaling \$11,788.04 for cellular service and AT&T totaling \$553.45 for a landline at the rental property in Chapel Hill (see page 15 for more information on the rental property). Also, the prior Program Manager purchased two cell phones costing \$208.13. The prior and current N.C. OSHR Senior

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<sup>4</sup> Items purchased is greater than receipts since a receipt may have more than one item i.e. two tablets on one receipt.

## Findings and Recommendations

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Management informed the OSBM investigative team that no employees were approved for personal cell phone reimbursements nor for purchasing cell phones since there was a State term contract for obtaining business cell phones. In addition, the prior N.C. OSHR Senior Management over the NC Flex program stated “Flex Fund<sup>5</sup> could not be used unless a benefit was derived by all state employees”. The prior Program Manager provided a prior and current NC Flex employee with old cell phones and paid the service cost since they did not own a cell phone. These were used cell phones that used to belong to the prior Program Manager and family members per NC Flex Employees.

Three computers, four tablets, six printers and seven printer cartridges were reimbursed to the prior Program Manager totaling \$6,865.54. The N.C. Flex program did giveaway tablets to individuals attending conferences events which began after July 2012 and one tablet was purchased in 2011. Current and prior N.C. Flex employees did not recall the prior Program Manager providing printers for work or tablets for giveaways.

Table 8 on page 19 provides a full list of electronic/communication items purchased including the remaining balance of \$1,485.82 not discussed.

### Transportation Not Authorized

There were 107 receipts included in the invoices submitted to P&A for reimbursement to the prior Program Manager related to transportation items totaling \$10,234.11. Table 8 on page 19 provides a full list of transportation items purchased, which are discussed below.

### *Rental Cars*

The prior Program Manager submitted ten rental car receipts totaling \$3,466.96 that are not allowable business expenses.

- Four receipts totaling \$1,900.37 on weekends and when the prior Program Manager was on leave time;
- Three receipts totaling \$336.24 on week days when the prior Program Manager was not approved for travel;
- One receipt totaling \$558.65 the prior Program Manager authorized to drive a personal vehicle to Washington DC and was reimbursed the mileage per diem on a travel reimbursement voucher from the NC Flex Operations Fund;
- One receipt totaling \$352.63 the prior Program Manager authorized to drive a personal vehicle to Charlotte, North Carolina, and Charleston, South Carolina, and was reimbursed the mileage per diem on a travel reimbursement voucher from the NC Flex Operations Fund; and
- One receipt totaling \$744.49 the prior Program Manager was authorized to fly to California April 15, 2013 to April 19, 2013 for a conference and to visit the vision Vendor. The rental car was not returned until April 22, 2013. The travel voucher did not include reimbursement for a rental car. Four days were related to business (\$425.42) and three days were personal, (\$319.07).

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<sup>5</sup> The prior N.C. OSHR Senior Management use the term Flex Fund when talking about the Communication Fund monies.

## Findings and Recommendations

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### *Gasoline/Auto Repair*

There were 63 gasoline receipts totaling \$2,791.89 which is an unallowable expense per the North Carolina State Budget manual, Section 5 (see Appendix B for travel policies). State employees are reimbursed a mileage per diem and not actual gasoline receipts. In addition, the prior Program Manager was not in travel status. There was one receipt for \$46.66 at a Capital Quick Lube.

### *Airfare*

There were seven airfare receipts totaling \$2,999.05. There were no travel authorizations for these trips and four flights departed Saturday and returned the next day. The four trips were to: Tampa, Florida; San Jose, California; Baltimore, Maryland; and Newark, New Jersey. One receipt was a same day trip on Friday to West Palm Beach, Florida totaling \$637.60. Two receipts were one-way tickets. One to Baltimore-Washington International Airport costing \$69.80 (the prior Program Manager's daughter lives in Ellicott City, Maryland). The last receipt for \$192.70 was a one-way from Philadelphia, Pennsylvania to Raleigh, North Carolina on a Saturday.

### *Taxi Fares*

There were 10 taxi cab receipts totaling \$780. There were no travel authorizations for seven of these trips totaling \$435. Two receipts were in New York City, three receipts were travel to RDU airport, one in Washington DC, one in Ellicott City, Maryland (the prior Program Manager's daughter resides in Ellicott City, Maryland). One receipt for \$50 in Las Vegas was dated November 4, 2013 and the conference was held November 3 through November 6, 2013. The prior Program Manager stayed in the same hotel as the conference location.

During a conference in Hollywood, Florida, the prior Program Manager, a permanent N.C. Flex employee and a temporary N.C. Flex employee took a taxi cab to Miami. The \$120 receipt has handwritten "Westin to Miami Mtg and Back". The temporary employee informed the OSBM investigative team about the taxi cab ride and how the three N.C. Flex employees had dinner in Miami and no vendors attended.

The current N.C. OSHR Senior Management approved business travel for the prior Program Manager to attend the Harvard Dental School Leadership Forum in Boston October 14 through October 16, 2014. The current N.C. OSHR Senior Management explained how the prior Program Manager said this was a free event. Per the United Concordia Dental<sup>6</sup> Representative, they invited the prior Program Manager to attend and paid the airfare and hotel cost. The taxi cab fare was \$175. See Section 5.1 for additional information.

### *Parking*

There were five receipts for parking in Raleigh totaling \$69. Two receipts were for the RDU airport totaling \$60. There was no travel authorization for one receipt and the date on the other receipt for \$36 was not legible.

The three other receipts were in the Raleigh downtown area. Two for parking at 222 Glenwood for \$2 each. One occurred at lunch time and the other was at 7:07 P.M. The other receipt was \$5 at the Alexander Square parking deck in downtown Raleigh at 8:39 P.M.

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<sup>6</sup> This is one of the benefit plans available to State employees.

## Findings and Recommendations

### Road Tolls

There were 10 road or bridge tolls totaling \$63.05. These took place on Saturdays and Sundays. The prior Program Manager was on approved travel in Buffalo, New York on June 19, 2012, to June 21, 2012. Nine of the tolls were dated Saturday, June 23, 2012 and Sunday, June 24, 2012 and the prior Program Manager was on leave time Monday, June 25, 2012 through Friday, June 29, 2012.

One receipt for \$15.45 dated September 22, 2012 in Delaware was on Saturday. There was no travel authorization for this day.

### Mass Transit

One receipt totaling \$17.50 was for the transit Rail in New Jersey dated Sunday, September 28, 2014. There was no travel authorization for that day.

### Rental

Rental property was being leased at 7424 Chapel Hill Road, Cary, North Carolina. The prior Program Manager submitted one document with 12 months of lease fees totaling \$5,477.41 for the period January 2013 through December 2013. The leasing agency stated, the prior Program Manager's spouse and daughter were there daily and the prior Program Manager only once. See Appendix B for on page 83 for a copy of the rental property invoice.

There were two receipts for storage units at Cube Smart dated September 24, 2012 and January 24, 2013 for \$46.93 and \$378.20, respectively.

There was one receipt for a mail box rental totaling \$50. The purchase was made at the Cary Packaging Depot.

### Food and Meals

There were 184 food and meal receipts totaling \$5,969.30 and 180 were meals purchased at restaurants and coffee/donut shops while the prior Program Manager was not in travel status. Most restaurants receipts were in or near the Raleigh area as shown in Table 7. Of the 180 receipts, 51 were purchases on weekends, holidays, or when the prior Program Manager was on approved leave totaling \$1,432.30 and two were pizza deliveries to the prior Program Manager's home totaling \$29.06. There were 11

<b>Table 7 Location of Restaurant Receipts</b>		
<b>Location</b>	<b>Number of Transactions</b>	<b>Amount</b>
Raleigh, Apex, Cary, Morrisville	124	\$4,290.80
Other North Carolina Locations	15	348.79
Maryland	10	324.00
Unknown <sup>1</sup>	11	284.24
Washington DC	2	193.86
Virginia	11	176.13
California	1	123.03
New York	1	57.26
New Jersey	2	55.99
Pennsylvania	2	32.38
Illinois	1	5.80
Total	180	\$5,892.28
1. Receipts were illegible or missing location.		

## Findings and Recommendations

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receipts totaling \$284.24 for which the location was unknown due to lack of documentation.

In addition, three receipts for food or candy products were purchased at Trader Joe's and Whole Foods Market totaling \$59.12. Items purchased were: buttermilk; hibiscus tea; veggie chips; holiday cake; carrots; European cookies; raw pumpkin seeds; and jelly beans. N.C. Flex employees stated they would purchase food for training and don't recall the prior Program Manager making any food purchases for training sessions.

Finally, one receipt for four pieces of chocolate made in Old Sacramento, California, at the Rocky Mountain Chocolate Factory. The receipt was \$17.90.

### Hotel Cost Not In Travel Status

There were 13 hotel receipts totaling \$3,892.43, and the prior Program Manager was not on approved State Business during the dates on the hotel receipts, including:

- Five hotel receipts for weekends<sup>7</sup> and/or holidays totaling \$1,887.59. One receipt in Washington DC included room service, internet access, and valet parking. Another receipt was for Labor day weekend at Pine Knoll Shores, North Carolina had the total handwritten in for \$880.74 which was double the actual cost. See Appendix B page 84 for this receipt.
- Three hotel receipts occurred when the prior Program Manager extended approved business trips by arriving early or staying extra days totaling \$1,005.20. One receipt in California showed arrival on April 13, 2013 and authorized travel started April 15, 2013. One receipt in Las Vegas, Nevada, showed check out on November 7, 2013 and authorized travel was through November 6, 2013. Another NC Flex employee attended the conference in Las Vegas and returned on November 6, 2013. One receipt in Washington DC showed arrival on March 22, 2014 and authorized travel started March 23, 2014. The receipt also included cost for meals and in-house laundry service (see Appendix B page 85 for this receipts).
- Two hotel receipts occurred when the prior Program Manager was on approved leave, totaling \$582.49. One in Anchorage, Alaska and the other in Newark, New Jersey.
- Three hotel receipts were weekdays when the prior Program Manager was not on approved leave totaling \$417.15. These included: two-nights (check-in Friday and check-out Sunday) in Richmond, Virginia; one-night (check-in Thursday and check-out Friday) in Rocky Mount, North Carolina; and one-night (check-in Sunday and check-out Monday) in Easton, Pennsylvania.

### Gifts to State Employees and Friends

There were 10 receipts for gifts totaling \$1,869.68. Gifts included:

- Computer shipped to an N.C. Flex employee's home totaling \$844.43. The N.C. Flex employee stated this was a gift from the prior Program Manager.

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<sup>7</sup> Check in on Saturday and check out Sunday.

## Findings and Recommendations

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- Several spa/massage gifts to N.C. OSHR employee's totaling \$744.58. The receipts included handwritten notation of N.C. OSHR employee names. Four prior and present N.C. Flex employees confirmed receiving massage gift cards from the prior Program Manager. The prior N.C. OSHR Senior Management responsible for oversight of the NC Flex program confirmed receiving a massage gift card as a retirement gift from the prior Program Manager.
- Baby gifts shipped to Virginia, Illinois, California totaling \$101.43. Receipt greeting message was: "Congratulation on the wonderful news. We wish you both all the best and await the arrival of the little one eagerly." The prior Program Manager's spouse's name was on this receipt. See Appendix B page 86 – 87 for this receipt.
- Sympathy gift to an N.C. Flex employee's parent totaling \$50.90. A prior N.C. Flex employee informed the OSBM investigative team their grandfather passed away and a sympathy gift was sent to their mother from the N.C. Flex team. It was confirmed that N.C. Flex employees did not contribute to this gift.
- Gift fruit basket totaling \$46.89 purchased on Saturday, December 28, 2013 at Harris Teeter.
- Holiday Treats shipped to an Office of the State Controller's employee totaling \$40.75. The message stated: "We are thinking of you! Wishing you well through the Holidays and always. From the NCFlex Team". It was confirmed that N.C. Flex employees did not contribute to this gift.
- Wedding anniversary gift shipped to Fremont, California totaling \$40.70. The message stated: "Happy First Wedding Anniversary". See Appendix B page 88 for this receipt.

### Moving Expenses

There were four receipts for two moving trips totaling \$820.74 for movers and boxes. One trip moved items out of Cube Smart Storage in Raleigh, North Carolina to 7424 Chapel Hill Road, Cary, North Carolina. This is the same location as the rental property and storage unit previously discussed (see page 15 for information on rental property). The moving cost was \$575 and the move was January 2013. The other move was from Colony Village Lane, Raleigh, North Carolina to Lagrange Drive, Raleigh, North Carolina for a total cost of \$229.

### Other

There were 61 other items purchased totaling \$5,518.97. Some items are discussed below and all items are listed in Table 8 on the next page.

- Four receipts for spa/massage treatments totaling \$1,573.24 which occurred in: Caesars Palace, Las Vegas, Nevada; Grove Park Inn, Asheville, North Carolina; and two online massage purchase. See Appendix B page 89 – 93 for some of these receipts.
- Two receipts to Covington's Who's Who totaled \$447.90. Covington is an online professional networking site. The prior and current N.C. OSHR Senior Management stated this is not an approved N.C. Flex marketing expense.

## Findings and Recommendations

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- One receipt was an online subscription-based technical support service in Gurgaon, India, totaling \$169.99. This annual subscription was in the prior Program Manager's name and included the prior Program Manager's personal email address and phone number.
- Two receipts from Belk's Department Store totaling \$553.19, including one receipt for \$519.19 for suits purchased on the prior Program Manager's Belk credit card.
- Two receipts for consulting services totaling \$400. One receipt for \$100 stated the service was for the prior Program Manager's spouse name to form a 501(c)(3) nonprofit organization. The other was \$300 to review a grant. NC Flex does not receive or issue grants. See Appendix B page 94 – 95 for these receipts.
- One receipt from the Indian gift store Kalashri totaling \$313.85. The receipt is not itemized and the purchase was December 20, 2012.
- One receipt for a Learning Spanish CD totaling \$248.
- Four receipts for charitable donations totaling \$500 as follows:
  - Wake Forest University to purchase a brick in the prior Program Manager and their spouse's name totaling \$250;
  - UNC-Radio for \$125;
  - UNC TV received a gift of three DVDs and a book for \$100; and
  - Indian American Community Foundation for \$25.

## Findings and Recommendations

Table 8 Personal Expenses by Category					
Item	Total	Number of Items	Item	Total	Number of Items
<b>Electronics/Communication</b>			<b>Moving</b>		
Phone Service	\$12,341.49	40	Moving	\$804.00	3
Computer/Tablets	5,625.50	7	Boxes	16.74	1
Printers	902.18	6	<b>Rental</b>		
Printer/Fax cartridge	337.86	7	Office Rental	\$5,477.41	1
Camera	312.17	7	Storage Unit Rental	425.13	2
Blue Ray DVD Player	213.48	1	Mailbox Rental	50.00	1
Cell Phone	208.13	2	<b>Transportation not on Approved State Business</b>		
Drives: Portable Hard & Flash	219.82	4	Rental Car	\$3,466.96	10
Cell Phone Accessory	178.68	4	Airfare	2,999.05	7
Chargers: Battery/Laptop	166.29	4	Gasoline/Auto Repair	2,838.55	64
India SIM Card	114.30	2	Taxi Cab	780.00	10
Projector	99.00	1	Parking	69.00	5
Calculator	91.25	1	Road Tolls	63.05	10
Cloud Storage Annual Fee	40.00	1	Mass Transit	17.50	1
Stereo Cord	25.88	1	<b>Other Personal Purchases</b>		
Keyboard	24.95	1	Spa Treatment	\$1,573.24	4
<b>Food Related Items</b>			Membership Dues	737.84	5
Restaurant Meals	\$5,892.28	180	Clothes	553.19	2
Groceries	51.67	2	Donation	500.00	4
Candy	25.35	2	Grant Review	300.00	1
<b>Gifts State Employee/Friends</b>			Indian gift store	313.85	1
Computer to Staff	\$844.43	1	Fitbit	292.72	2
Spa/Massage to Staff	744.58	4	DVD/CD	270.47	3
Baby Gift	101.43	1	Souvenirs	209.31	3
Sympathy Gift	50.90	1	Postage	183.14	13
Unknown Fruit Basket	46.89	1	Hotel Gift Shop	158.10	3
Get Well Gift	40.75	1	Books	115.46	9
Wedding Anniversary	40.70	1	Create a 501(c)(3)	100.00	1
<b>Hotel Cost Not in Travel Status</b>			Movies	63.15	4
Washington DC	\$984.38	2	Golf Items	46.94	1
North Carolina	972.38	2	Folding Ottoman (2)	33.00	1
New Jersey	435.43	2	Tote Bag	26.46	1
New York	348.07	2	Frame	25.42	1
Alaska	337.66	1	Gift Bags	10.68	1
California	266.12	1	Water	6.00	1
Nevada	222.88	1	<b>Grand Total</b>		
Virginia	215.16	1		<b>\$55,158.75</b>	<b>472</b>
Pennsylvania	110.35	1			

## Findings and Recommendations

### 1.4 Prior Program Manager Received \$11,483.63 by Submitting Others Receipts

The prior Program Manager submitted 24 receipts that were paid by conference sponsors, vendors, family members, or other N.C. Flex employees as shown in Table 9.

<b>Table 9</b>		
<b>Others Receipts</b>		
<b>Paid By</b>	<b>Number of Transactions</b>	<b>Amount</b>
N.C. OSHR Employee	12	\$4,353.00
Vendor	4	3,845.81
Conference Sponsor	3	2,991.30
Former program manager's daughter	5	293.52
Total	24	\$11,483.63

There were twelve receipts paid by N.C. Flex employees that are not related to business. Five receipts were vacation hotels, gas, and meals paid on the N.C. Flex employees personal credit cards totaling \$719.20. Six receipts were an N.C. Flex employee's cell phone bill or a 12-month printout of the N.C. Flex employee's cell phone billing history totaling \$3,587.80. The last receipt for \$49 was a magazine subscription place on the employee's business credit card and repaid to the prior Program Manager (see Section 2 on page 24 for information on business credit cards).

Two vendors paid for electronics or travel for the prior Program Manager. One vendor purchased three custom built Toshiba computers and three Apple iPads which were shipped directly to the prior Program Manager's home totaling \$2,756.22. The other vendor invited the prior Program Manager to attend the Harvard Dental Leadership Forum in Boston, Massachusetts and paid the prior Program Manager's airfare and hotel totaling \$1,089.60. See Section 5.1 for additional information.

The prior Program Manager was invited to speak at conferences and the conference sponsors paid the cost of registration, travel, and hotel. The prior Program Manager submitted a registration, and two airfare documents to P&A for reimbursement from the Communication Fund totaling \$2,991.30. The conference sponsors verified these expenses were paid by the conference.

Five receipts for meals were charged to the credit card of the prior Program Manager's daughter. One charge for \$21.55 was a meal in Greenbelt, Maryland on a Monday at 2:45 p.m. and the prior Program Manager was not in travel status nor was leave time recorded. Another charge for \$60.08 was a meal that occurred on Christmas day.

### 1.5 The Prior Program Manager Received \$5,733.79 for Unauthorized or Excessive Travel or Training

The prior Program Manager submitted 13 receipts for unauthorized or excessive items which are discussed below. To circumvent N.C. OSHR policies and the North Carolina State Budget manual travel policies the prior Program Manager submitted these travel and training receipts to P&A for reimbursement from the Communication Fund instead of submitting these receipts on a travel voucher for approval and reimbursement from the NC Flex Operations Fund.

## Findings and Recommendations

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### Unauthorized Travel and Training

Six receipts related to sending a temporary NC Flex employee to Washington D.C., Fort Lauderdale, Florida and Chicago, Illinois for training conferences. The current and prior N.C. OSHR Senior Management stated temporary employees are not authorized to travel out-of-state for training. To circumvent the policy, the prior Program Manager paid all the cost associated with these trips and submitted the receipts to P&A for reimbursement instead of having the temporary employee submit the expense on a travel reimbursement voucher for approval by N.C. OSHR Senior Management. These trips totaled \$2,013.63.

The prior Program Manager was approved for an over-night trip to Washington D.C. without a hotel cost since the prior Program Manager was approved to stay at a friend's house not a hotel. The other hotel expense was only approved for a day trip to Charlotte, North Carolina. The prior Program Manager circumvented the approved travel authorization by submitting the two hotel bills to P&A for reimbursement totaling \$359.10 which coincides with these travel dates and locations.

The prior Program Manager paid for a Certified Financial Training program totaling \$1,995. This training was provided by Greene Consulting in conjunction with North Carolina State University's Continuing Education and was an online course. The prior Program Manager wrote on the receipt "SS Session Trg". The SS Session are the sensible savings training provided to State employees. N.C. OSHR policy requires training expenses for NC Flex employees to be paid from the NC Flex Operations fund since personal development training is not related to promoting, marketing or communicating the NC Flex program. The current N.C. OSHR Senior Management stated this would not have been approved since it is related to income tax, retirement, estate, insurance, and financial planning. The prior Program Manager circumvented this policy by submitting the invoice to P&A for reimbursement.

### Excessive Costs

Four receipts were excessive charges related to approved travel totaling \$1,366.06. Two receipts were related to approved travel to Washington D.C. The prior Program Manager flew into Baltimore-Washington airport and rented a car incurring valet parking fees at the hotel. Total cost of the rental car and valet parking was \$399.25 which was submitted to P&A for reimbursement. If the prior Program Manager flew into Ronald Reagan Airport and used a shuttle service for the seven-mile drive to the hotel which was the same location as the conference, the cost would have been \$33 a difference of \$366.25.

One excessive cost totaled \$876.81 when the prior Program Manager stayed at the Grove Park Inn in Asheville, North Carolina during authorized travel to Lake Lure, Boone, Asheville and Greensboro instead of staying at the same locations as the other NC Flex employees.

The last excessive cost occurred in Las Vegas, Nevada total \$123 when the prior Program Manager used a limousine service costing \$150 for the trip to and from the airport instead of the

## Findings and Recommendations

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airport shuttle. Another NC Flex employee travelled with the prior Program Manager and used the shuttle costing \$27 round trip.

### **1.6 The Prior Program Manager Received \$5,055.34 from Overstating Receipt Amounts**

The prior Program Manager requested more than the receipt/payment amount for 15 receipts creating an overpayment of \$5,055.34. Four receipts were partially or fully refunded and the original receipts were submitted to P&A and reimbursed from the Communication Fund. A review of the prior Program Manager's credit card statements verified the refunds on the credit card totaling \$4,475.30. One refund was a printer that was returned two days after the purchase date and three related to airfare.

Ten receipts submitted and reimbursed by P&A from the Communication Fund were overstated. This was verified based on a review of the prior Program Manager's credit card statements and contact with the company's named on the receipts. The overpayment totaled \$549.29. An example is a car rental, where the request to P&A totaled \$222 and the credit card statement verified payment of \$34.68<sup>8</sup> which created an overpayment of \$187.32.

The final receipt was reimbursed from the NC Flex Operations Fund when the prior Program Manager was reimbursed \$30.75 for a shuttle fee. A review of the prior Program Manager's credit card statements verified this was refunded to the credit card.

### **1.7 The Prior Program Manager Received Reimbursement for 68 transactions from the Communication Fund with Inadequate Support.**

Invoices submitted to P&A by the prior Program Manager were not always supported by receipts or receipts were inadequate to determine if the purchase was to promote, market, or communicate the benefits of the NC Flex program. An invoice submitted to P&A would include the total and date requested. Attached would be a list of each receipt which included the date, vendor name, category, and amount of each receipt. The list and actual receipts were attached to the invoice and mailed to P&A for reimbursement.

P&A was paid \$70,100 to maintain the Communication Fund from January 2012 to January 2016. The P&A Chief Executive Officer and the Chief Financial Officer stated they were only the bookkeepers and paid any item requested or submitted by the prior Program Manager. Therefore, P&A did not compare receipts to the list for completeness; or add up the list for accuracy. Two lists did not equal the amount on the invoice and 68 transactions had inadequate support. The review identified:

- 47 receipts lack sufficient information totaling \$5,873.81;
- 17 receipts were illegible totaling \$791.03; and

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<sup>8</sup> This amount is included in Section 1.3 of this report.

## Findings and Recommendations

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- 4 receipts missing totaling \$486.47.

The prior Program Manager were reimbursed for all these items because they were listed on the invoice submitted to P&A. The OSBM investigative team could not determine if the \$7,151.31 reimbursed to the prior Program Manger were legitimate NC Flex expenses.

### **RECOMMENDATION**

We recommend N.C. OSHR:

1. Seek restitution from the prior Program Manager for the amount misappropriated.
2. Transfer all the Communication Fund under the custody of P&A and deposit the Fund with the State Treasurer.
3. Establish a non-reverting fund code for the Communication Fund monies.
4. Implement internal controls, including but not limited to: written policies and procedures surrounding the use of Communication Fund; and appropriate review and approval of Communication Fund prior to spending.
5. Educate employees on the Communication Fund policies and procedures.
6. Develop a written policy and a method for employees to report suspected fraud, waste and abuse.

## Findings and Recommendations

### 2. NC FLEX EMPLOYEES MISAPPROPRIATED \$4,396.07 FROM COMMUNICATION FUND AND NC FLEX OPERATIONS FUND

The prior Program Manager obtained credit cards from Chase Bank for all permanent current and prior NC Flex employees and only the prior Program Manager was financially responsible for the credit card charges. All NC Flex employees called this card the “business credit card” and stated the business credit card was to be used for only business expenses and all business credit card receipts had to be provided to the prior Program Manager. The prior Program Manager would include these receipts in the invoices submitted to P&A for reimbursement from the Communication Fund. The current and prior N.C. OSHR Senior Management were unaware of the business credit card being used by NC Flex employees. The use of the business credit card occurred from July 2012 to April 2014. The prior Program Manager retrieved the business credit card from all NC Flex employees when the prior OSHR Senior Management responsible for oversight of the NC Flex program retired. None of the current or prior NC Flex employees could provide an explanation as to why the credit card was needed but all stated it was to be used only for NC Flex business.

Through interviews and a review of the business credit card statements, it was identified that three of the four NC Flex employees used the business credit card and the total charges on each business credit card is shown in Table 10. The results of this review identified three employees used the business credit card for overnight travel and were reimbursed for these amounts on an approved travel reimbursement voucher paid from the NC Flex Operations Fund. All three employees stated the Fund would be paid back to the prior Program Manager once the travel reimbursements or travel advances were received; however, evidence of payback could not be verified for all charges. Employee 1 could not provide evidence that \$4,324.66 was paid back and Employee 2 could not provide evidence that \$71.41 was paid back once the travel vouchers were reimbursed (see section 2.1 and 2.2, respectively, for details).

<b>Table 10 Business Credit Card Activity July 2012 to April 2014</b>	
<b>Employee</b>	<b>Charges</b>
Employee 1	\$8,170.97
Employee 2	5,470.91
Employee 3	9,647.91
Employee 4	0.00
Total Charges	\$23,289.79

Employee 3 used the business credit card for business related charges totaling \$1,986.55, two food charges totaling \$16.38 and a magazine subscription annual cost of \$49. All these items were paid back after the employee was reimbursed for travel. One business related charge was a hotel in Rocky Mount for the annual benefits conference in April 2014 for which Employee 3 provided a cancelled check issued to the prior Program Manager for \$142.82, the full amount. Included in the balance of \$1,843.73 was airfare, hotel, and taxi cab costs for a conference in San Antonio, Texas in April 2013. Employee 3 provided a cancelled check issued to the prior Program Manager for \$1,945.71 which was greater than the travel, food charges, and magazine subscription.

Employee 4 did not activate the business credit card since they preferred to use their personal credit card for any business related expenses.

General Statute in § 14-100 and § 143-58.1 addresses obtaining property by false pretense or for personal use, respectively, as follows:

“If any person shall knowingly and designedly by means of any kind of false pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a future

## Findings and Recommendations

fulfillment or event, obtain or attempt to obtain from any person within this State any money, goods, property, services, chose in action, or other thing of value with intent to cheat or defraud any person of such money, goods, property, services, chose in action or other thing of value, such person shall be guilty of a felony...”

It shall be unlawful for any person, by the use of the powers, policies or procedures described in this Article or established hereunder, to purchase, attempt to purchase, procure or attempt to procure any property or services for private use or benefit.

The North Carolina State Budget Manual, Section 5, outlines requirements for travel including lodging, meals and mileage reimbursement which can be seen in Appendix A along with other laws and rules.

### 2.1 Employee 1 Misappropriated \$4,324.66 from Communication Fund and NC Flex Operations Fund

Table 11 shows Employee 1’s expenses paid with the business credit card, Communication Fund credit card or items paid by the prior Program Manager. Employee 1 stated the prior Program Manager approved all the transactions in Table 11. Repayment could not be verified for many of the transactions in Table 11. Employee 1 stated she only deals in cash and would have paid these items back to the prior Program Manager with cash after reimbursed on travel vouchers or receiving a travel advance. However, Employee 1 provided one cancelled check issued to the prior Program Manager for \$368.38 to repay hotel costs in Statesville, Pembroke, New Bern, and Manteo, North Carolina in September 2012. In November 2015, the OSBM investigative team requested Employee 1 to provide copies of bank statements showing cash withdrawals for repayment. On May 11, 2016, Employee 1 provided bank statements that identified cash withdrawals totaling \$2,940 and stated the money was given to the prior Program Manager for repayment which is included in Table 11, but the OSBM investigative team could not verify the prior Program Manager received this money.

<b>Table 11</b> <b>Purchases Related to Employee 1</b> <b>July 2012 through September 2014</b>				
<b>Type</b>	<b>Business Credit Card</b>	<b>Prior Program Manager’s Credit Card</b>	<b>NC Communication Fund Credit Card</b>	<b>Balance</b>
Meals	\$821.21			\$821.21
Gas	735.44			735.44
Hotel	2,615.25		\$89.07	2,704.32
Taxi Cab Fares	40.10		27.00	67.10
Airfare		\$925.60	231.60	1,157.20
Conference Registration		695.00		695.00
Computer	928.70			928.70
Cell Phone	459.73			459.73
Cell Phone Accessories	37.34			37.34
Other	27.00			27.00
Repayment <sup>1</sup>				(3,308.38)
<b>Total</b>	<b>\$5,664.77</b>	<b>\$1,620.60</b>	<b>\$347.67</b>	<b>\$4,324.66</b>
1. Only \$368.38 was verified via cancelled check. The balance was cash withdrawals document on bank statements and the OSBM investigative could not verify the cash was provided to the prior Program Manager.				

## Findings and Recommendations

### Business Travel Transactions

Employee 1 had 27 business credit card charges for hotel, meals, gas, and taxi cab fares while in overnight travel status totaling \$2,691.67. In addition, the prior Program Manager paid for a conference registration (\$695) and airfare (\$462.80) to Las Vegas, Nevada in November 2013. The Local P&A Representative used the Communication Fund credit card to pay for a hotel (\$89.07) in Blowing Rock, North Carolina in September 2014 and airfare (\$231.60) to Fort Lauderdale, Florida in August 2012, and taxi cab fare in Las Vegas (\$27). These receipts were included in Employee 1's travel voucher for reimbursement. The Local P&A Representative stated the prior Program Manager may have told her to book the Fort Lauderdale airfare and pay for the hotel room in Blowing Rock, North Carolina for Employee 1. Table 12 shows overnight travel status transactions total \$4,197.14. Employee 1 provided one cancelled check issued to the prior Program Manager for \$368.38 to repay four hotel costs in September 2012. Employee 1 provided bank statements with cash withdrawals totaling \$2,940 as evidence of repayment. The OSBM investigative team could not verify the cash withdrawals were provided to the prior Program Manager and could not match the withdrawals to specific expenses.

Table 12 Overnight Travel Status Transactions	
Type	Total
Gas	\$321.91
Meal	359.86
Hotel	2,058.87
Airfare	694.40
Taxi Cab Fares	67.10
Registration	695.00
Total	\$4,197.14

One trip to Las Vegas, Employee 1 received a travel advance (\$2,376) at the end of October 2013, which covered all the costs associated with this trip (travel voucher total \$2,284.82). Employee 1 explained the advance was needed since Employee 1 did not have a personal credit card. Employee 1 later stated the hotel bill was placed on the business credit card and the prior Program Manager approved it because "it would be a great expense coming out of my personal account". A total of \$2,178.13 of travel expense was charged on the business credit card, the prior Program Manager's credit card or the Communication Fund. Employee 1 provided a bank statement showing a \$1,500 withdrawal on November 1, 2013, as evidence for repayment<sup>9</sup> (included in Table 11) and Employee 1 flew to Las Vegas on November 2, 2013. In addition, the conference sponsor verified Employee 1 was not charged the conference registration fee (\$695). The receipt in the travel reimbursement voucher had the prior Program Manager's credit card number. A review of the Chase Bank credit card statements verified there were no charges for the conference registration fee on the prior Program Manager's credit card.

A trip on September 9, 2014 to Blowing Rock, North Carolina, a hotel bill for \$89.07 was charged on the Communication Fund's credit card. Employee 1 stated "this was an honest mistake". Employee 1 explained, sometimes the Local P&A Representative will book hotel rooms and hold the room under the Communication Fund's credit card. Employee 1 forgot to switch out the credit card number upon arriving at the hotel causing the issue.

While at a NC Flex event in Greensboro (the SEANC Convention), Employee 1 took Vendors out to dinner at Bonefish Grill charging \$75.84 on the business credit card. Employee 1 stated the prior Program Manager told Employee 1 to take out the Vendors. The prior Program Manager was reimbursed from the Communication Fund for this transaction and Employee 1 received the meal per diem for this dinner.

<sup>9</sup> The OSBM Investigative team could not verify this cash withdrawal was provided to the prior Program Manager.

## Findings and Recommendations

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Employee 1 had lunch with the Local P&A Representative six times totaling \$192.70 on the business credit card which the Communication Fund reimbursed the prior Program Manager. Employee 1 stated these were business lunches and the prior Program Manager approved all the lunches. A Temporary NC Flex Employee corroborated that the prior Program Manager approved these lunches and the Temporary NC Flex Employee stated they attended some of these lunches which were always after shopping for training supplies (snack food and drinks). In addition, \$141.52 was spent on meals for other NC Flex Employees per statements made by Employee 1.

There were three transactions for gas totaling \$179.07 and two transactions for meals totaling \$59.87 related to travel to Charter and Secondary Schools to discuss joining the NC Flex program. Employee 1 stated the prior Program Manager approved the use of the business credit card since this was business. N.C. OSHR policy requires all State travel to be submitted on a travel voucher for reimbursement from the NC Flex Operations Fund. It is unknown why this policy was circumvented.

### Other Transactions

There were 32 items charged to Employee 1's business credit card that are not related to business travel totaling \$2,973.10 and one airfare purchased on the prior Program Manager's credit card for \$462.80.

Employee 1 stated the prior Program Manager approved the purchase of two cell phones and cell phone accessories (\$497.07), a laptop computer (\$928.70) (so Employee 1 could work at home), and agreed to pay \$60 per month for September and October cell phone costs. A review of the documents submitted to P&A for reimbursement to the prior Program Manager identified \$3,584.80 of Employee 1's cell phone invoices, annual history printouts, or computer screen prints. Employee 1 provided documentation that verified \$733.29 for cell phone service cost in September, October and November 2013 were used to offset charges on Employee 1's business credit card transactions. Employee 1 provided no explanation for the remaining cell phone invoices which the prior Program Manager had submitted to P&A for reimbursement from the Communication Fund. The current and prior N.C. OSHR Senior Management informed the OSBM investigative team that no employees were approved for personal cell phone reimbursements or for purchasing cell phones since there was a State term contract for obtaining business cell phones and cell phone service.

There were 13 transactions totaling \$1,041.35 which coincided with Employee 1's vacation taken in May 2013 and April 2014. The first vacation occurred May 17 through 19, 2013 totaling \$571.44 which included hotel, meals, gas and a rental item. Employee 1 stated the prior Program Manager authorized the personal use and provided bank statement documents with cash withdrawals on June 3, 2013 of \$400 and June 4, 2013 of \$200 as repayment<sup>10</sup> which is included in Table 11. The second vacation occurred April 16 through 18, 2014. Employee 1 recorded leave time for April 17, 2014 and April 18, 2014 was a State holiday. Employee 1 stated this was for a meeting with Cape Fear Community College and the prior Program Manager approved the use for lodging. As mentioned earlier in this report, all State travel was to be submitted on a travel voucher and paid with OSHR Operations Fund. This policy was circumvented by using the Communication Fund to pay for these expenses. The third hotel receipt (\$71.41) is for a Saturday

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<sup>10</sup> The OSBM investigative team could not verify this money was provided to the prior Program Manager.

## **Findings and Recommendations**

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night stay in Rocky Mount, North Carolina on April 12, 2014. Employee 1 explained this was for a speaker at a NC Flex conference held in Rocky Mount. The conference started April 9, 2014 and ended April 11, 2014.

The prior Program Manager paid for airfare to Las Vegas, Nevada for Employee 1's Fiancé totaling \$462.80, which was submitted to P&A for reimbursement from the Communication Fund. Employee 1 stated the prior Program Manager did pay for this airfare and forgave the balance. See Section 4.1 for more information on Las Vegas airfare paid on behalf of Vendors' and their spouses.

### **2.2 Employee 2 Misappropriated \$71.41 from NC Flex Operations Fund**

Employee 2 submitted one hotel receipt for \$71.41 on their travel voucher that was charged on the business credit card for a trip to Rocky Mount, North Carolina. This trip corresponds to the 2014 Annual Benefits Conference. Employee 2 received reimbursement for \$71.41 from the NC Flex Operations Fund. In addition, the prior Program Manager was reimbursed from the Communication Fund for this receipt. Employee 2 stated the \$71.41 was not paid back to the prior Program Manager because the prior Program Manager stated "don't worry about it."

### **RECOMMENDATION**

We recommend N.C. OSHR:

1. Seek restitution from Employee 1 and Employee 2 for the amount misappropriated.
2. Take appropriate disciplinary action against Employee 1.

## **Findings and Recommendations**

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### **3. EMPLOYEE 1 OBTAINED \$86.30 FOR A DUPLICATE TRAVEL VOUCHER**

Employee 1 submitted a travel reimbursement voucher for local mileage traveled in March 2012. This travel reimbursement voucher used the IRS rate of \$0.555 per mile and the total amount reimbursed was \$126.74. These trips did meet the requirement for using the IRS rate. The second travel reimbursement voucher submitted in June 2012 was identical to the March 2012 travel reimbursement voucher with exception to the mileage rate, which was \$0.30 per mile. The total of the June travel voucher was \$86.30, which was used to offset an outstanding travel advance of \$88.04 which is required to be addressed before June 30 of each year. Both travel vouchers were reviewed and approved by the prior Program Manager and the prior N.C. OSHR Senior Management.

Employee 1 explained how this was an error and would be willing to make repayment for any errors.

#### **RECOMMENDATION**

We recommend N.C. OSHR require Employee 1 to pay back \$86.30 for the duplicate travel voucher.

## Findings and Recommendations

### 4. QUESTIONABLE COST TOTALS \$20,550.90 AND THE MAJORITY BENEFITED VENDORS AND NC FLEX EMPLOYEES

Communication Funds were spent on Vendors, which included lunch and dinner meetings, transportation costs to conferences including Vendor family member's travel cost, Vendor mileage reimbursement in Raleigh, and computers purchased for Vendors totaling \$11,732.27. The lunch meals were mainly with the Local P&A Representative and NC Flex employees (see Section 4.1, for more information).

NC Flex employees benefited from the use of Communication Fund by purchasing food for staff and other office meetings, to stock food and drink items in a kitchen area for NC Flex employees totaling \$6,332.69 (see Section 4.2 for more information), and paying for a retirement dinner and retirement party totaling \$777.96 (see Section 4.3 for more information).

Finally, P&A's decision to deposit the Communication Fund in a non-interest bearing account that charged monthly service fees cost the State \$1,686.98 and a late payment on the credit card triggered interest and a late fee of \$21 (see Section 4.4 for more information).

The North Carolina State Budget Manual Section 5.9.2 outline requirements and limitations for informal meetings and can be found in Appendix A.

#### 4.1 Vendor Representatives Receive Benefits from the Communication Fund Totaling \$11,732.27

Communication Funds were used for meals, travel expenses, mileage reimbursement, and computer purchases for the benefit of Vendor Representatives. There were 40 transactions as shown in Table 13 and NC Flex employees participated in many of the meal transactions.

##### P&A Group

The Local P&A Representative explained how the Communication Fund's credit card was only in the Representative's possession and items were purchased at the request of the prior Program Manager or NC Flex employees. The credit card statement was mailed to P&A's New York office and a copy was sent to the Local P&A Representative, who would attach receipts and submit it back to the P&A New York office for payment. Upon review of these statements, there was no review or approval by any NC Flex employee.

Table 13 Vendor Transactions			
	P&A Group	Multiple Vendors	Pierce Insurance
Airfare	\$952.20		\$925.60
Hotel	1,216.07		906.30
Conference			899.00
Taxi Cab	98.30		
Parking	60.00		
Meals in travel	344.30		
Meals in Raleigh	120.26	\$71.63	
Mileage	398.42		
Computer	1,442.35		
Vendor Dinners		\$4,297.84	
Total	\$4,631.90	\$4,369.47	\$2,730.90

The Local P&A Representative's airfare, hotel, taxi, meals, and parking costs were charged to the Communication Fund's credit card for a trip to Las Vegas, Nevada related to a conference. Also,

## Findings and Recommendations

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P&A issued a check from the Communication Fund to reimburse the Local P&A Representative's spouse airfare to Las Vegas, Nevada. The 13 transactions related to Las Vegas totaled \$1,843.04. The Local P&A Representative stated the prior Program Manager requested the Representative to attend the conference and approved all of the transactions.

There was airfare to Hollywood, Florida, to attend a conference totaling \$231.60 which was initially paid by P&A for the Local P&A Representative. The Local P&A Representative explained how they had to cancel the trip and the prior Program Manager asked if the ticket could be transferred to an N.C. OSHR temporary employee, which could not be done. The Local P&A Representative stated they did not ask to be reimbursed for this ticket; however, P&A transferred the cost of this ticket from the Communication Fund to their P&A bank account based on a hand written note on the Southwest confirmation "-per Pani- reimb P&A out of Comm fund". The Local P&A Representative stated the prior Program Manager was going to pay for the costs related to this conference just like the Las Vegas conference since the prior Program Manager requested the Representative to attend the conference.

The Local P&A Representative used the Communication Fund's credit card for: hotel at Train the Trainer in Lake Lure (\$171.86) and at the 2013 spring training conference (\$223.24). The contract with P&A requires a representative to attend NC Flex education training and conferences to provide information about the benefit program they are providing to State employees.

Meals were also purchased on the Communication Fund's credit card during Train the Trainer travel. There were five charges totaling 280.93 and only two of the charged receipts included names of participants. The Oceanic in Wrightsville Beach (\$82.56) included a 32% tip which is considered excessive. There were two NC Flex employees participating in this meal and the cost attributed to the Local P&A Representative is \$32.85 since it includes the excessive amount of the tip<sup>11</sup>. The other meal which list participants was the Outback Steakhouse in Lumberton (\$60.17). There was one NC Flex employee participating in this meal and the cost attributed to the Local P&A Representative is \$30.08. The remaining three charges do not document participants or the purpose of the meal, therefore the full amount is attributed to the Local P&A Representative since P&A had sole control over the use of this credit card and responsibilities for accounting for the use of the credit card. The total attributed to the Local P&A Representative is \$201.13 for meals related to Train the Trainer travel.

The Communication Fund's credit card was used to pay for lunches for the Local P&A Representative and NC Flex employees while meeting in Raleigh. The OSBM investigative team could not verify the number of meals purchased since the documentation was not itemized. The Local P&A Representative did note on the credit card statement what the meeting was for and sometimes, who attended. Seven lunches noted "vendor meeting" on the credit card statement and the receipt noted N.C. OSHR Employee 1 for all meetings and for two meetings, a NC Flex Temporary Employee also participated. These meals totaled \$275.69. All the individuals receiving the meal confirmed the prior Program Manager approved these meal purchases. In addition, the NC Flex Temporary Employee explained when Employee 1 and the NC Flex Temporary Employee would pick up food for training, it was common for the prior Program Manager to approve lunch meals and if the Local P&A Representative was with them it was paid on the Communication Fund's credit card. The North Carolina State Budget Manual's travel

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<sup>11</sup> A reasonable tip is 20%.

## Findings and Recommendations

policies do not allow the use of State Funds for business meetings<sup>12</sup>. Since NC Flex employees participated, only \$120.26 is attributed to the Local P&A Representative

The Local P&A Representative requested mileage reimbursement related to purchases made on behalf of the Communication Fund. The request was in an email to the prior Program Manager for \$210.70 for March 2013 to November 2013 and \$187.72 for April 2012 to March 2013. There was no supporting documentation and the Local P&A Representative stated the prior Program Manager questioned why the Local P&A Representative never submitted mileage. The Local P&A Representative determined mileage by reviewing the credit card statements to see where purchases were made and used MapQuest to determine the amount of miles driven.

There was no written contract between P&A and N.C. OSHR for the administration of the Communication Fund. There was an email between Employee 1 and the Local P&A Representative agreeing to an administration fee and the services that will be provided, which included managing the Communication Fund. Also, interviews with the Local P&A Representative stated the administration fee was to manage the Communication Fund general ledger and credit card which was in the sole possession of the Local P&A Representative.

The Communication Fund paid for two computers used by P&A employees. A MacPro computer and software were purchased for \$1,442.35 for a P&A employee in New York to use to edit the enrollment guide. This computer is still in the possession of P&A. A Toshiba computer was purchased in February 2013 by the Local P&A Representative, which they stated was approved by the prior Program Manager since the P&A computer issued to the Local P&A Representative did not have a flash drive due to the sensitive nature of data obtained by P&A related to HIPPA laws. In addition, the prior Program Manager provided the Local P&A Representative with a new Toshiba computer in March 2015. The Local P&A Representative returned both computers to N.C. OSHR during the time of this investigation.

### Vendor Dinners and Lunches

NC Flex employees confirmed business lunches and dinners with Vendor Representatives were approved by the prior Program Manager. Vendor dinners were held twice a year in 2012, 2013, and 2014. These dinners were either to prepare for an upcoming annual conference or lessons learned at the end of the year. All Vendor Representatives were invited to the dinner, which included NC Flex employees. The six dinners are shown in Table 14 and the number of attendees were identified on the receipt for five of the dinners. Also, one receipt was itemized and included the purchase of alcohol totaling \$41.

There was a lunch with multiple Vendor Representatives charged on the Communication Fund's credit card totaling \$71.63 and the Local P&A Representative was there with three NC

Table 14 Vendor Dinners			
Location	Date	Amount	Attendees
Lake Lure	9/10/2012	\$323.19	15
Louisburg	11/7/2012	893.01	Unknown
Cary	4/10/2013	1,528.76	30
Lake Lure	9/10/2013	495.70	15
Raleigh	1/7/2014	746.25	15
Lake Lure	9/8/2014	310.93	14
Total		\$4,297.84	

<sup>12</sup> State Budget Manual Section 5 can be seen in Appendix A

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Flex employees<sup>13</sup>. The Local P&A Representative stated the prior Program Manager approved the charges.

### Pierce Insurance

The Communication Fund paid \$2,730.90 for a Pierce Insurance's Representative and their spouse to travel to a conference in Las Vegas, Nevada. The conference registration (\$899) and the airfare (\$925.60) were paid by the prior Program Manager and submitted to P&A for reimbursement from the Communication Fund. The hotel costs (\$906.30) were charged to the Communication Fund's credit card. Airfare included the cost of the Pierce Insurance's Representative and their spouse's ticket. The Local P&A Representative in possession of the Communication Fund's credit card stated the prior Program Manager approved the use of the credit card to pay for the Pierce Insurance's Representative hotel cost.

## **4.2 Food and Other Questionable Purchases Benefiting NC Flex Employees Total \$6,332.69**

Table 15 shows questionable items purchased with the Communication Fund. The Body Composition Analyzer is a machine that provides a comprehensive muscle and fat diagnosis. The prior Program Manager maintained possession of this machine until it was delivered to Pierce Insurance in the Spring of 2015, just before the prior Program Manager retired. The Pierce Insurance Representative did not understand why the machine was provided to them since Pierce Insurance did not pay \$5,449.25 for this machine. This machine was returned to N.C. OSHR.

<b>Table 15 Questionable Purchases</b>	
<b>Item</b>	<b>Amount</b>
Body Composition Analyzer	\$5,449.25
Staff Meeting Food	188.98
Kitchen Items	416.22
Sympathy Flowers	222.92
Pizza Lunch	55.32
Total	<u>\$6,332.69</u>

The prior Program Manager and NC Flex Employee 1 purchased bagels, donuts and other food items for staff meetings on the "business credit card". Employee 1 informed the OSBM investigative team that the prior Program Manager instructed Employee 1 to purchase these items for the meetings. The prior Program Manager submitted \$188.98 of receipts to P&A for reimbursement from the Communication Fund.

An NC Flex Temporary Employee verified a kitchen was maintained in the NC Flex Temporary Employee's office. Employees verified a coffee maker, coffee, water, sugar, and other items were purchased on the business card for the kitchen. The OSBM investigative team identified \$289.15 of food type items purchased and \$127.07 for a coffee maker. These items were purchased by NC Flex Employee 1, NC Flex Employee 3, and the prior Program Manager. Employees stated the prior Program Manager approved these purchases. All these receipts were submitted to P&A for reimbursement from the Communication Fund.

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<sup>13</sup> Employee 1, Employee 2, and a temporary employee.

## Findings and Recommendations

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In October 2014, sympathy flowers totaling \$222.92 was sent to a funeral home in Huntington Beach, CA for the passing of the current N.C. OSHR Senior Management's parent. The current N.C. OSHR Senior Management was unaware that State funds were used for this purchase.

In October 2012, NC Flex hired two interns. A pizza party was held for the two individuals at the completion of their internship. NC Flex Employee 2 purchased the pizzas for \$55.32 on the business card and the prior Program Manager submitted this receipt to P&A for reimbursement. NC Flex Employee 2 stated NC Flex Employee 1 authorized this purchase and NC Flex Employee 1 stated it was not uncommon to have pizza when N.C. OSHR employees leave.

### **4.3 Communication Fund Used for Prior Program Manager's Retirement Totaling \$777.96**

The prior Program Manager retired effective April 1, 2015 and a retirement party was held at the State Employees' Credit Union and a separate dinner was held for Vendors. The Communication Fund's credit card was used for all the items discussed below. The North Carolina State Budget Manual, Section 5.8.5 states: "A department cannot use State Funds to support or underwrite a rally, celebration, reception, employee appreciation activity, or similar function." See Appendix A for this policy

A retirement dinner was hosted by N.C. OSHR and vendors were invited to attend. The prior Program Manager and family member's dinners totaling \$131.37 were paid on the Communication Fund's credit card. Vendor meals were not paid with the Communication Fund. This expenditure was approved by the current N.C. OSHR Senior Management.

The Communication Fund's credit card was used to purchase a Disney Animal picture frame with a mat and colored pens used to sign the mat (\$78.97) as a retirement gift for the prior Program Manager. Also, \$567.62 was spent at Walmart on food for the retirement party.

All the expenditures associated with the retirement of the prior Program Manager were approved by the current N.C. OSHR Senior Management.

### **4.4 P&A Incurs Monthly Bank Service Fees, and Credit Card Late Fees and Interest totaling \$1,707.98**

Communication Funds were deposited with M&T Bank in April 2012 in a separate account. This account was closed December 2015, and the balance was deposited with the State Treasurer. The average monthly balance was \$1,124,746.47 from April 2012 to December 2015. The Bank charged \$1,686.98 in monthly service fees during this period. This fee could have been avoided if the Funds were deposited with the State Treasurer or offset if the funds were in an interest-bearing account.

P&A paid the December 2013 credit card statement late which triggered a \$19 late fee and \$2 interest fee. P&A has the sole responsibility for the use of the credit card and payment for the credit card statement. The statement is not provided to N.C. OSHR for review and approval.

## Findings and Recommendations

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### RECOMMENDATION

We recommend N.C. OSHR:

1. Seek restitution from Vendors for questionable amounts paid on behalf of the Vendor.
2. Train employees on requirements within the North Carolina State Budget Manual on use of State Funds for meetings, retirements, and vendor expenses.

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### 5. NONCOMPLIANCE WITH STATE AND INTERNAL POLICY

NC Flex was noncompliant with several laws, rules, State policies, and internal policies. The prior Program Manager was able to circumvent several procurement requirements since the culture surrounding the Communication Fund was “this is vendor money”. Below is a summary of issues identified.

The prior Program Manager had an informal agreement with Pierce Insurance to pay \$7,500 to \$10,000 for an “equipment fund”. The Vendor would purchase items at the request of NC Flex employees. Some items included small promotional items, iPads, tablets, and computers. Another Vendor paid the prior Program Manager’s travel expenses for a conference out of State. These items totaled \$42,683.18 and are a violation of Governor Perdue’s Executive Order 24 and General Statute § 133-32 on regulated gifts and favors from contractors or anticipated contractors which is included in Appendix A. See Section 5.1 for more information.

P&A received \$81,550 in additional fees for services included in the contract. Services included: development of the annual enrollment guide; branding and developing communication pieces such as posters, brochures, flyers, payroll stuffers, and participant forms, and NC Flex Newflash newsletter. See Section 5.2 for more information.

A private employment service was used to hire friends and family to work at the State fair or assisting NC Flex employees during training. This process circumvented N.C. OSHR policy requiring the use of Temporary Solutions for all temporary employment needs. The total paid to the private employment service was \$29,775.18. See Section 5.3 for more information.

P&A provided additional services to NC Flex outside the contract requirements. These services and costs included overseeing the Communication Fund and providing assistance during training sessions. The total cost of these services was \$87,250. OSHR did not seek competition for these services. North Carolina Administration Code and OSHR internal policies require three informal quotes be obtained for any purchase of services which is included in Appendix A. See Section 5.4 for more information.

P&A was responsible for making payments from the Communication Fund on behalf of NC Flex. P&A could not provide supporting documentation for 16 credit card transactions and there was inadequate support for 31 other transactions. P&A’s Chief Executive Officer and Chief Financial Officer stated they were only the bookkeeper for the Communication Fund and not responsible for approving transactions submitted to them for payment by the prior Program Manager. P&A would process any item for payment based on email from the Local P&A Representative. This includes the additional services P&A provided to NC Flex without issuing an invoice for those services. See Section 5.5 for more information.

NC Flex purchased \$11,733.07 in gift cards. The OSBM investigative team could not determine how these gift cards were used since there were no internal controls surrounding the purchase, distribution, or use of these gift cards. NC Flex employees explained that gift cards were purchased for two reasons, giveaway items and purchasing food for lunches during training sessions. In addition, there was no standard practice for giving away gift cards at training. One employee

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explained how they would provide the gift card to anyone who was nice to them during the training session. See section 5.6 for more information.

The prior Program Manager and Local P&A Representative circumvented laws when using a private business for mailing services. General Statute §143-341(8)(g) requires State agencies to use the State Mail Service Center for postage needs. The prior Program Manager spent \$446.48 at a private postage business. Most of these costs related to overnight mailings to P&A. The Local P&A Representative spent \$81.59. See section 5.7 for more information.

The prior Program Manager provided gifts to many N.C. OSHR employees and the Local P&A Representative. These items included computers, iPads, and massage and Starbucks gift cards. Receipts were identified in the invoices submitted to P&A by the prior Program Manager for reimbursement from the Communication Fund, which are included in Section 1.3 of this report. See section 5.8 for more information.

### **5.1 Vendors Paid \$42,683.18 for NC Flex Travel and Other Items that Benefit the NC Flex Program**

Governor Perdue's Executive Order 24 Regarding Gifts to State Employees states "no State employee should be permitted to accept gifts or favors from contractors working or seeking to work with the employee's agency..." and General Statute § 133-32 prohibits gifts from contractors or anticipated contractor (See Appendix A for these requirements). There were two vendors that were purchasing items for the benefit of the prior Program Manager and the NC Flex program. The prior Program Manager and NC Flex employees were responsible for the administration of all the contracts for the NC Flex Benefits program.

Pierce Insurance does not have a contract with the NC Flex program but does maintain a call center for the North Carolina State Health Plan and has approached N.C. OSHR about operating a call center for the NC Flex program. Any NC Flex vendor is required, by contract, to participate in NC Flex education trainings, conferences, and benefit fairs. To meet this contract requirement, three Vendors hired Pierce Insurance to attend the NC Flex trainings, conferences, and fairs to explain their products.

Over the past seven years Pierce Insurance has been paying for items at the request of the prior Program Manager. NC Flex employees explained how Pierce Insurance agreed to spend \$7,500 annually to purchase items for NC Flex. This amount increased to \$10,000 in 2011. The prior Program Manager or NC Flex employees would contact Piece Insurance about purchasing items as shown in Table 16, on the next page. Many of these items were promotional/giveaway items. These items were either picked up at the store by a NC Flex employee or shipped to N.C. OSHR location with a few exceptions as follows.

- Two individuals were paid for setting up (\$1,100) and providing DJ services (\$200) at the Human Benefits Representative Conference in 2012. The DJ was Employee 1's brother and the individual assisting with the Conference set up was Employee 1's ex-boyfriend.
- Six Apple iPads were purchased by the Local P&A Representative with the Communication Fund credit card. Pierce Insurance issued a check for \$3,043 to reimburse

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the Communication Fund for these items which was deposited into the Communication Fund bank account.

- Two Microsoft Surface (\$859.76) tablets were shipped to Employee 1's home address. Employee 1 stated they do not remember getting the tablets.
- Legal fees (\$826) were paid to a lobbyist on behalf of the prior Program Manager. The prior Program Manager met the lobbyist during lunch to discuss obtaining pay raises for NC Flex employees per the Pierce Insurance Representative.
- Three Apple iPads (\$1,155) were shipped to the prior Program Manager's home address.
- Seven Samsung Galaxy Tablets (\$1,268.99) were shipped to the prior Program Manager's home address.
- Three laptops were shipped to the prior Program Manager's home address. This occurred within one month before the prior Program Manager retired.

Table 16 Gifts From Pierce Insurance					
Date	Item	Amount	Date	Item	Amount
1/21/2009	American Artwork	\$2,237.75	3/11/2011	Gift Certificate	\$300.00
3/2/2009	The Inlet Inn Beaufort	300.00	10/14/2011	10 Kindles	790.00
3/2/2009	Beaufort Grocery Gift Card	80.00	11/2/2011	4 Apple iPod Shuffles	198.77
8/3/2009	Umbrellas and Blankets	5,100.72	12/22/2011	2 Apple iPads	1,044.06
9/28/2009	30 Walmart Gift Cards	720.00	2012	Gift Certificate	75.00
10/5/2009	The Inlet Inn Beaufort	346.43	2012	Gift Certificate	350.00
2/8/2010	Totes and Blankets	2,001.63	3/1/2012	DJ for music at conference	200.00
2/15/2010	Travel Mugs	2,225.32	3/1/2012	Assist with conference setup	1,100.00
2010	Beaufort Grocery Gift Card	80.00	8/21/2012	Umbrellas	3,163.15
2010	The Inlet Inn Beaufort	300.00	6/15/2012	Popcorn machine	200.00
7/23/2010	Stadium Cups	435.78	10/8/2012	6 Apple iPads	3,043.00
7/23/2010	Pocket Coolies	815.29	8/20/2013	Cooler Bags	2,993.93
7/23/2010	Square Key Rings	526.41	10/3/2013	7 Galaxy Tablets	1,268.99
8/20/2010	Square Key Rings	250.49	12/12/2013	2 Microsoft Surface Tablets	859.76
8/20/2010	Roll up Fleece Blankets	587.37	2/25/2013	1000 Pens	446.90
10/29/2010	Hospitality Suite	820.12	2/11/2014	Legal Fees	826.00
2/24/2011	250 Round Coolers	1,477.79	7/2/2014	3 Apple iPads	1,155.00
1/27/2011	300 Pocket Coolies	298.08	3/18/2015	3 Laptops	1,601.22
7/21/2011	4 iPads & 25 iPods	3,374.63	Total		\$41,593.59

The prior Program Manager allowed United Concordia to pay for transportation and lodging costs to attend the Harvard Dental Leadership Forum held in Boston, Massachusetts. A United Concordia Representative confirmed paying the airfare directly \$337.20 and issuing a check for \$752.39 to the prior Program Manager for hotel and meal costs. This trip took place on October 14, 2014, through October 16, 2014. The current N.C. OSHR Senior Management explained how the prior Program Manager approached him about a free training and did not disclose United Concordia was paying for this trip. The prior Program Manager requested work time to attend the training, which was approved. No travel authorization was needed since there was no cost to the State.

## Findings and Recommendations

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### **5.2 P&A Received \$81,550 in Additional Fees for Services Included in Contract Requirements**

P&A's Cost Proposal Detailed list of Items for Cost Proposal Concerning Attachment F, section 2h "Marketing", lists P&A responsibilities related to marketing the NC Flex program which included:

- Development of Enrollment Guide;
- Development and distribution of claims kits;
- Branding and developing communication pieces such as: posters, brochures, flyers, payroll stuffers, participant forms;
- Informational videos; and
- NC Flex Newflash newsletter.

P&A was paid an additional \$81,550 for developing and editing the enrollment guide, flyers, posters, and post cards. Items included:

- \$77,650 related to the development of or edits to the enrollment guide over four years;
- \$900 for two flyers for the Halifax Enrollment Fair;
- \$250 for a post card advertisement; and
- \$2,750 for a Sensible Savings information card.

In addition, the Communication Fund paid for a computer provided to a P&A Representative in New York to use for development and editing the enrollment guide. The cost of this computer is included in Section 4.1.

### **5.3 Private Temporary Employment Business Used to Hire Friends and Relatives**

A private employment agency was used from August 2012 through October 2013 by NC Flex to assist with Train the Trainer sessions, office administration work, and staffing the State Fair booth. This private employment agency was paid with the Communication Fund. The current and prior N.C. OSHR Senior Management was unaware an outside agency was being used to hire temporary employees since NC Flex was required to use OSHR Temporary Solutions for this purpose. In addition, Executive Order 4 requires agencies to use Temporary Solutions for all temporary employment needs effective February 27, 2013.

NC Flex Employee 1 explained how this process worked since they were responsible for oversight. The prior Program Manager requested NC Flex Employee 1 and the Local P&A Representative identify individuals to hire as temporary employees and have them sign up at the private employment agency. The prior Program Manager would approve the rate for these temporary employees. NC Flex Employee 1 and/or the Local P&A Representative were responsible for signing off on the temporary employees' timesheets. Table 17, on the next page, show the individuals hired, the hourly rate, and their relationship with NC Flex employees or the Local P&A Representative.

One issue with the use of a private employment service, it allowed the prior Program Manager to circumvent N.C. OSHR policy requirements that Temporary Solutions employees can only work

## Findings and Recommendations

11 consecutive months (See Appendix A for this policy). NC Flex used Temporary Solutions to hire an office assistant. The Temporary Solution employee was told by the prior Program Manager to sign up with the private employment agency, which allowed the individual to continue employment by assisting at the North Carolina State Fair Booth in 2012 and working from home the other weeks.

Table 17 Private Employment Agency					
Temporary Employee Number	Hourly Rate 2012	Hourly Rate 2013	Total Earnings	Responsibility	Relationship
4995	\$21.37		\$2,206.46	- 2012 Train the Trainer Sessions	OSHR Employee 1's daughter
5525	21.37		1,025.76	- 2012 State Fair Booth	Local P&A Representative's Friend
1970	21.37	\$30.00	4,446.96	- 2012 and 2013 State Fair Booth - Oct./Nov. 2012 unknown	OSHR Employee 1's ex-boyfriend daughter
2116	24.23	30.00	4,950.40	- 2012 and 2013 State Fair Booth	Local P&A Representative's bother-in-law
7790	25.65	30.00	4,977.00	- 2012 and 2013 State Fair Booth - Sept. 2013 unknown	Local P&A Representative's friend
6162		30.00	1,096.50	- Oct 2012 unknown - 2013 State Fair Booth	Friend of Temporary Employee Number 1970
8672	17.10		4,104.00	- 2012 State Fair Booth - Oct./Nov. 2012 administrative work	OSHR Temporary Solution Employee
8317	28.50		1,011.75	- 2012 State Fair Booth	Ex-State HR employee
6893	28.50		726.75	- 2012 State Fair Booth	OSHR Temporary Solution Employee
8517		30.00	5,070.00	- 2013 Train the Trainer Sessions	OSHR Employee 1's friend
8255		19.95	159.60	- 2013 unknown	Prior Program Manager's acquaintance
Total			\$29,775.18		

The other issue related to the temporary employees working the State fair booth was a lack of internal controls. There was no process in place to monitor temporary employee's attendance at the State fair booth. The Temporary Solutions employee that worked the State Fair in 2012 stated many of the temporary employees wandered off into the State Fairgrounds instead of staying at the booth.

NC Flex Employee 1 and/or the Local P&A Representative set the schedule for the temporary employees at the State Fair and would approve the timesheets for the temporary employees.

The strategy was to have two six hour shifts and two individuals working each shift. In addition, the prior Program Manager allowed the temporary employees to add 30 minutes to their timesheets to cover the cost of parking. This means the maximum an individual should bill is 13 hours per day, if they worked all day, and the maximum the private employment business should bill for a day would be 26 hours (two people at the booth). During 2012, the private employment agency billed over 26 hours, 8 of the 11 days the fair was open. The total hours billed for those 8 days ranged from 29.50 to 40.50 hours per day. Neither NC Flex Employee 1 and/or the Local P&A

## Findings and Recommendations

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Representative could provide a reason why the additional hours were required or how they validated hours worked before approving timesheets.

The final issue with use of the private employment agency, it allowed nepotism since Employee 1's daughter signed up and work directly with Employee 1 at Train the Trainer events. Employee 1 was responsible for all the Train the Trainer events. Employee 1 explained that she did not sign off on the daughter's timesheet and the prior Program Manager approved the daughter to work through the private employment agency. N.C. OSHR policy on nepotism does not allow for a family member to supervise another member of the employee's immediate family (See Appendix A for this policy).

### 5.4 OSHR Noncompliance with Contract Policies and Rules

P&A provided additional services to NC Flex outside the contract requirements. These services and costs were approved by the prior Program Manager or NC Flex Employee 1. The total cost of these services was \$87,250. North Carolina's General Statute and the North Carolina Administration Code require seeking competition and documenting agreements for services. In addition, N.C. OSHR internal policies require services between \$2,500.01 and \$10,000 to obtain three informal quotes. In addition, best business practices recommend to document the agreement between parties to describe the level of service, service expectations, and service costs. N.C. OSHR did not document their efforts to seek competition for services and there was no formal agreement between N.C. OSHR and P&A for administration of the Communication Fund, which cost N.C. OSHR \$70,100 from March 2012 to December 2015.

#### Administration of the Communication Fund

P&A received \$70,100 for maintaining the Communication Fund for 46 months and did not have a contract in place for this service. P&A submitted an addendum for this work but N.C. OSHR never executed the addendum. In an email dated February 14, 2012, between NC Flex Employee 1 and the Local P&A Representative the agreed upon cost for this service was \$15,000 annually and responsibilities included:

- Accounting needs:
  - Maintain communication fund;
  - Billing vendors for communication per participant; and
  - Pay invoices on an as needed basis.
- Communication needs:
  - Editing/layout of enrollment guide; and
  - Layout of NC Flex NewsFlash;

Under P&A's cost proposal in Section 2h of the contract, it includes development of NC Flex enrollment guide and NC Flex NewsFlash newsletter.

P&A would transfer \$1,250 monthly from the Communication Fund to their bank account for these services. In 2013, the monthly amount increased to \$1,600, for which there was no documentation justifying or approving this increase.

## Findings and Recommendations

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The lack of a contract may have led to the limited bookkeeping services performed by P&A. Examples included:

- Credit card transactions were recorded monthly as a lump sum. The Local P&A Representative was not consistently recording on the statement or receipt the purpose of the charge.
- Hard copy financial reports only provided to prior Program Manager and not to N.C. OSHR Senior Management.
- Limited to no invoices for services paid to P&A.
- Additional costs associated with the Local P&A Representative's time spent and mileage reimbursement when purchasing items on the Communication Fund's credit card<sup>14</sup>.

### Assistance with Train the Trainer

The Local P&A Representative provided assistance to NC Flex for Train the Trainer site changes, registration and contracting for catering. These services were provided in 2012, 2013, and 2014 at a cost of \$17,150. There were no formal agreements documenting expectation or hourly rate. Documentation provided for these services included emails between the Local P&A Representative, the prior Program Manager or NC Flex Employee 1. These emails were for approval after providing services which were approved by the prior Program Manager or NC Flex Employee 1. The emails included a calendar, which the Local P&A Representative documented hours, a summary of total hours, and the hourly rate charged. The rate charged increased every year starting at \$40 per hour in 2012, \$50 per hour in 2013 and \$65 per hour in 2014.

### **5.5 Sixty-five Transactions Paid by P&A from the Communication Fund had missing or inadequate supporting documentation.**

P&A was responsible for making payments from the Communication Fund on behalf of NC Flex. P&A could not provide supporting documentation for 16 credit card transactions and there was inadequate support for 31 transactions.

P&A's Chief Executive Officer and Chief Financial Officer stated they were only the bookkeeper for the Communication Fund and not responsible for approving transactions submitted to them for payment by the prior Program Manager. P&A would process any item for payment based on an email from the Local P&A Representative including additional services P&A provided to NC Flex without issuing an invoice for those services. These issues are discussed below.

### Communication Fund Credit Card Statements

The Local P&A Representative maintained possession of the Communication Fund's credit card and was the only individual making charges on this card. The Communication Fund's Credit Card was used from August 2012 to December 2015. The Local P&A Representative was responsible for maintaining all credit card receipts, matching them to the statement, and submitting the supported statements to the P&A headquarters in New York. The New York office was responsible for paying the credit card statement with the Communication Fund. As mentioned in

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<sup>14</sup> The Local P&A Representative was the only individual in possession of this credit card.

## Findings and Recommendations

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Section 4.4 one payment was late incurring interest and late fees. There were 42 credit card statements during this time period and 20 statements were missing receipts or did not have an itemized receipt, just the charge slip. Details of missing or inadequate documentation were:

- P&A could not provide receipts for 16 charges totaling \$1,896.05;
- P&A did not provide itemize receipts for 27 charges totaling \$6,454.51; and
- P&A provided four receipts that were not legible totaling \$1,579.89.

Sound bookkeeping practices dictate all receipts accompany a credit card statement to allow for a review of the statement against actual receipts for completeness. In addition, P&A was paying this statement without any NC Flex employee reviewing and approving the charges. This internal control over the credit card should have been in place since the Local P&A Representative made all purchases, matched the receipts to the credit card statement, and authorized payment. The Local P&A Representative stated the prior Program Manager did not want to review the statements.

Finally, there were automatic payments on the Communication Fund's credit card for an annual Adobe subscription and Office 365 Home software for the prior Program Manager. The Local P&A Representative did not cancel these payments after the prior Program Manager retired that totaled \$126.73.

### Electronic Transfers

Sound business practices dictate invoices should be received for all bills paid and those invoices should be matched to a contract, or purchase order prior to payment. P&A processed 18 transactions totaling \$29,054.67 that lacked adequate supporting documentation. All these transactions were services P&A rendered or reimbursement to the Local P&A Representative. Only once did P&A issued an invoice for \$1,968.75; however, that invoice did not include the prior Program Manager's approval.

It is unknown why P&A did not create invoices for the other 13 transactions related to additional services rendered and four items requested for reimbursement. All but one of these transactions were approved by the prior Program Manager via email. The transactions that did not have invoices issued by P&A were:

- Five emails (\$5,800) describing service for a flat fee to develop Halifax Mall flyers, Sensible Savings post cards, enrollment edits;
- Two paper calendars (\$15,590) with hour worked and hourly rate for Train the Trainer
- Two paper calendars for updating forms at \$250 each;
- One email (\$1,560) for Train the Trainer site changes and getting supplies;
- One project approval form (\$840) to update the Human Benefits Representatives contact list;
- One email (\$1,350) to update the Human Benefits Representatives contact list; and
- One P&A request to transfer fund slip (\$250) for developing an October conference ad which did not have the prior Program Manager's approval on the slip.

NC Flex employees verified services were performed by P&A for the 13 services transactions discussed above. In addition, the Local P&A Representative requested reimbursement for mileage,

## Findings and Recommendations

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airfare, and cash tips. There were no invoices or travel type voucher submitted for these items as listed below.

- Two emails (\$398.12) to reimburse the Local P&A Representative for mileage to get supplies, gift cards, and giveaways from April 2012 to November 2013. The Local P&A Representative explained how the mileage was estimated based on purchases throughout the year. This is included in Section 4.1 of this report.
- One email (\$400) for tips to hotel workers for which there was no supporting documentation.
- One email (\$397.80) for airfare reimbursement which did not have the receipt for the airfare. This is included in Section 4.1 of this report.

### Altered Invoice

There was one invoice which totaled \$2,500 issued by PGUMC Senior High Youth Group for assembling goodie bags used as giveaways at trainings and conferences. The invoice had a handwritten “per [prior program managers name] pay \$4,000”. This was not signed by the prior Program Manager and there was no email from the prior Program Manager approving this payment. An attached email from the United Concordia Representative, sent to the Local P&A Representative explained why the invoice increased from \$2,000 charged the year before to \$2,500 this year. The United Concordia Representative was the liaison and not a member of this Church; however, an AON Representative is a member of this church and this group started providing this service when AON administered the Communication Fund.

The Local P&A Representative stated “[prior program manager’s name] said to give raises because the youth group had been putting together the bags for years”. Therefore, \$1,500 more was paid rather than the total invoice amount of \$2,500.

### **5.6 Gift Cards Used to Purchase Food and Giveaway totaling \$11,733.07**

Gift cards were purchased for two reasons, giveaway items and lunch food purchases during training sessions. Interviews with NC Flex Employees were inconsistent on who controlled the gift cards and what gift cards were used for giveaways. All employees and the Local P&A Representative confirmed gift cards in the amount of \$10 to \$25 were given away to individuals during training sessions which were typically Walmart or Starbucks gift cards and food was purchased using Jersey Mikes or Papa John’s gift cards for lunches during training sessions. There were many internal control issues surrounding the use of gift cards including:

- There was no one person within NC Flex responsible for the control of the gift cards.
- Any NC Flex employee could call the Local P&A Representative to purchase gift cards.
- There was no tracking system for the purchase and use of the gift cards.
- Receipts were not required to be turned in after use of a gift card.
- Physical security of the gift cards was sporadic and only the gift cards in the possession of NC Flex Employee 1 were secured in a locked file draw.
- There was no standard procedure to give gift cards away at training sessions.

## Findings and Recommendations

From December 2012 to June 2015 there were 42 Jersey Mikes gift cards purchased valued at \$2,325 and at least 42<sup>15</sup> Papa John's gift cards purchased valued at \$5,150. At the time of issuing this report N.C. OSHR had 14 Jersey Mikes and Papa John's gift cards in their possession totaling \$818.68.

<b>Table 18 Gift Card Purchased on Communication Fund's Credit Card</b>	
<b>Type</b>	<b>Number</b>
Walmart	184
Starbucks	110
Master Card	74
Visa	35
American Express	16
Target	12
Brinker	6
Shell Gas	2
Olive Garden	2
Subway	1
Outback Steakhouse	1
Applebee's	1
Total	444

In addition, other gift cards were purchased by the Local P&A Representative on the Communication Fund's credit card. From August 2012 through June 2015, \$10,517.80 was spent on gift cards, which included service fees of \$512.80. Table 18 shows the type and number of gift cards purchased. Not included in Table 18 is a Starbucks' purchase at \$204.27. There was no receipt, and Starbucks does not charge a service charge when purchasing gift cards. The Local P&A Representative stated this purchase was gift cards for Train the Trainer giveaways.

There were a few large gift cards purchased which included: one Master Card purchased for \$120; one American Express Card for \$100; and three Master Cards purchase for \$100. All NC Flex employees confirmed \$100 gift cards were not given away.

In addition, during this review the Local P&A Representative return numerous gift cards to N.C. OSHR. The Local P&A Representative did not explain why they were in possession of these gift cards. Because of the lack of internal controls, the OSBM investigative team was unable to verify who or how these gift cards were used; however, NC Flex Employee 1 stated restaurant gift cards were never given away. The restaurant gift cards in Table 18 were issued for \$25 each.

There was no standard process in place to give away gift cards at training sessions. NC Flex Employee 3 stated "I would give the card to whoever was nice to me".

At the time of issuing this report N.C. OSHR had 35 various gift cards totaling \$575.61 in their possession.

Finally, the prior Program Manager purchased 27 gift cards and the receipts were submitted to P&A for reimbursement from the Communication Fund as shown in Table 19 on the next page. The OSBM investigation team was unable to verify the purpose of these gift card purchases.

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<sup>15</sup> Thirteen receipts did not denote the number of gift cards purchased and receipts varied from \$100 to \$900. Each receipt was counted as one gift.

## Findings and Recommendations

<b>Table 19</b>			
<b>Gift Cards Purchased by Prior Program Manager</b>			
<b>Type of Gift Card</b>	<b>Quantity</b>	<b>Amount</b>	<b>Service Fee</b>
State Credit Union-Visa	3	\$150.00	\$3.00
State Credit Union-Visa	3	100.00	3.00
State Credit Union-Visa	2	150.00	2.00
State Credit Union-Visa	3	100.00	3.00
Starbucks	5	50.00	
Best Buy	2	100.00	
Sam's Club	5	250.00	
Amazon-Kindle	2	50.00	
Walmart	2	50.00	
Total	27	\$1,000.00	\$11.00

### 5.7 Private Postage Services was used Costing \$446.48

General Statute §143-341(8)(g) requires State agencies to use the State Mail Service Center for postage needs. The prior Program Manager circumvented this law when using a private postage business. There were 31 packages mailed to P&A and one package to Winston Salem State University totaling \$288.87. In addition, there were three receipts totaling \$49.47 with an unknown shipping location since the receipts did not include an address. A FedEx receipt totaled \$34.75 and a certified mail receipt totaled \$4.42. Finally, postage stamps, packing supplies and envelopes were purchased totaling \$26.55. Additionally, the Local P&A Representative used the Communication Fund's Credit Card to purchase postage services for a total of \$81.59. Three packages sent to P&A in Buffalo, NY totaled \$41.43, a package for DOT in Spindale, North Carolina, totaled \$16.72, and \$23.44 spent on postage stamps and envelopes.

### 5.8 Prior Program Manager Provided Gifts to N.C. OSHR Employees and Local P&A Representative Paid from the Communication Fund

The prior Program Manager provided gifts to many N.C. OSHR employees and the Local P&A Representative. Receipts were identified in the invoices submitted to P&A by the prior Program Manager for reimbursement from the Communication Fund. N.C. OSHR employees informed the OSBM investigative team of the gifts listed below (these are included in Section 1.3).

- Employee 1 received:
  - Computer (this is in addition to the computer identified in Section 2)
  - Starbucks gift card at Christmas
  - Massage gift card at Christmas
- Employee 2 received:
  - Computer
  - Massage gift card at Christmas
  - iPad
- Employee 3

## Findings and Recommendations

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- No gifts
- Employee 4
  - Computer shipped to employee's home
  - Massage gift card at Christmas
  - iPad
- NC Flex Temporary Employee
  - Massage gift card upon leaving employment
- Prior N.C. OSHR Senior Management
  - Massage gift card for retirement gift
- Local P&A Representative
  - iPad
  - Computer (returned to OSHR)

In addition, the prior Program Manager provided cell phones to Employee 3 and 4 since they did not own a cell phone. The prior Program Manager was financially responsible for the service cost associated with these phones (These items are included in Section 1.3).

### RECOMMENDATION

We recommend N.C. OSHR:

1. Execute agreements for all outside services provided by Vendors in conformance with State and internal requirements.
2. Cease purchasing gift cards for food purchase and giveaway at conferences, trainings, and benefit fairs.
3. Develop a tracking system for all remaining gift cards and usage of the cards.
4. Educate N.C. OSHR Employees on ethics and Governor Purdue's Executive Order 24 and the use of State Funds as specified in the State Budget Manual.

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## Appendix A

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The following are the pertinent General Statutes, rules, and policies that were used for this investigation. This is not an all inclusion listing.

### GENERAL STATUTE

#### **§ 14-100. Obtaining property by false pretenses.**

- (a) If any person shall knowingly and designedly by means of any kind of false pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a future fulfillment or event, obtain or attempt to obtain from any person within this State any money, goods, property, services, chose in action, or other thing of value with intent to cheat or defraud any person of such money, goods, property, services, chose in action or other thing of value, such person shall be guilty of a felony: Provided, that if, on the trial of anyone indicted for such crime, it shall be proved that he obtained the property in such manner as to amount to larceny or embezzlement, the jury shall have submitted to them such other felony proved; and no person tried for such felony shall be liable to be afterwards prosecuted for larceny or embezzlement upon the same facts: Provided, further, that it shall be sufficient in any indictment for obtaining or attempting to obtain any such money, goods, property, services, chose in action, or other thing of value by false pretenses to allege that the party accused did the act with intent to defraud, without alleging an intent to defraud any particular person, and without alleging any ownership of the money, goods, property, services, chose in action or other thing of value; and upon the trial of any such indictment, it shall not be necessary to prove either an intent to defraud any particular person or that the person to whom the false pretense was made was the person defrauded, but it shall be sufficient to allege and prove that the party accused made the false pretense charged with an intent to defraud. If the value of the money, goods, property, services, chose in action, or other thing of value is one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C felony. If the value of the money, goods, property, services, chose in action, or other thing of value is less than one hundred thousand dollars (\$100,000), a violation of this section is a Class H felony.
- (b) Evidence of nonfulfillment of a contract obligation standing alone shall not establish the essential element of intent to defraud.
- (c) For purposes of this section, "person" means person, association, consortium, corporation, body politic, partnership, or other group, entity, or organization.

#### **§ 14-234. Public officers or employees benefiting from public contracts; exceptions.**

- (a)(1) No public officer or employee who is involved in making or administering a contract on behalf of a public agency may derive a direct benefit from the contract except as provided in this section, or as otherwise allowed by law.
- (2) A public officer or employee who will derive a direct benefit from a contract with the public agency he or she serves, but who is not involved in making or administering the contract, shall not attempt to influence any other person who is involved in making or administering the contract.
- (3) No public officer or employee may solicit or receive any gift, favor, reward, service, or promise of reward, including a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of a contract by the public agency he or she serves...

## Appendix A

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### **§ 14-90. Embezzlement of property received by virtue of office or employment.**

- (a) This section shall apply to any person:
  - (1) Exercising a public trust.
  - (2) Holding a public office.
  - (3) Who is a guardian, administrator, executor, trustee, or any receiver, or any other fiduciary, including, but not limited to, a settlement agent, as defined in G.S. 45A-3.
  - (4) Who is an officer or agent of a corporation, or any agent, consignee, clerk, bailee or servant, except persons under the age of 16 years, of any person.
- (b) Any person who shall:
  - (1) Embezzle or fraudulently or knowingly and willfully misapply or convert to his own use, or
  - (2) Take, make away with or secrete, with intent to embezzle or fraudulently or knowingly and willfully misapply or convert to his own use, any money, goods or other chattels, bank note, check or order for the payment of money issued by or drawn on any bank or other corporation, or any treasury warrant, treasury note, bond or obligation for the payment of money issued by the United States or by any state, or any other valuable security whatsoever that (i) belongs to any other person or corporation, unincorporated association or organization or (ii) are closing funds as defined in G.S. 45A-3, which shall have come into his possession or under his care, shall be guilty of a felony.
- (c) If the value of the property described in subsection (b) of this section is one hundred thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the property is less than one hundred thousand dollars (\$100,000), the person is guilty of a Class H felony.

### **§ 133-32. Gifts and favors regulated.**

- (a) It shall be unlawful for any contractor, subcontractor, or supplier who:
  - (1) Has a contract with a governmental agency; or
  - (2) Has performed under such a contract within the past year; or
  - (3) Anticipates bidding on such a contract in the futureto make gifts or to give favors to any officer or employee of a governmental agency who is charged with the duty of:
  - (1) Preparing plans, specifications, or estimates for public contract; or
  - (2) Awarding or administering public contracts; or
  - (3) Inspecting or supervising construction.It shall also be unlawful for any officer or employee of a governmental agency who is charged with the duty of:
  - (1) Preparing plans, specifications, or estimates for public contracts; or
  - (2) Awarding or administering public contracts; or
  - (3) Inspecting or supervising construction willfullyto receive or accept any such gift or favor.
- (b) A violation of subsection (a) shall be a Class 1 misdemeanor.
- (c) Gifts or favors made unlawful by this section shall not be allowed as a deduction for North Carolina tax purposes by any contractor, subcontractor or supplier or officers or employees thereof.

## Appendix A

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- (d) This section is not intended to prevent a gift a public servant would be permitted to accept under G.S. 138A-32, or the gift and receipt of honorariums for participating in meetings, advertising items or souvenirs of nominal value, or meals furnished at banquets. This section is not intended to prevent any contractor, subcontractor, or supplier from making donations to professional organizations to defray meeting expenses where governmental employees are members of such professional organizations, nor is it intended to prevent governmental employees who are members of professional organizations from participation in all scheduled meeting functions available to all members of the professional organization attending the meeting. This section is also not intended to prohibit customary gifts or favors between employees or officers and their friends and relatives or the friends and relatives of their spouses, minor children, or members of their household where it is clear that it is that relationship rather than the business of the individual concerned which is the motivating factor for the gift or favor. However, all such gifts knowingly made or received are required to be reported by the donee to the agency head if the gifts are made by a contractor, subcontractor, or supplier doing business directly or indirectly with the governmental agency employing the recipient of such a gift.

**§ 143-58.1. Unauthorized use of public purchase or contract procedures for private benefit.**

- (a) It shall be unlawful for any person, by the use of the powers, policies or procedures described in this Article or established hereunder, to purchase, attempt to purchase, procure or attempt to procure any property or services for private use or benefit.
- (b) This prohibition shall not apply if:
- (1) The department, institution or agency through which the property or services are procured had theretofore established policies and procedures permitting such purchases or procurement by a class or classes of persons in order to provide for the mutual benefit of such persons and the department, institution or agency involved, or the public benefit or convenience; and
  - (2) Such policies and procedures, including any reimbursement policies, are complied with by the person permitted thereunder to use the purchasing or procurement procedures described in this Article or established thereunder.
- (c) A violation of this section is a Class 1 misdemeanor.

**§143-341(8)(g)** To establish and operate a mail service center that shall be used by all State agencies other than the Division of Employment Security (DES) of the Department of Commerce, and in connection therewith and in the discretion of the Secretary, to do all things necessary in connection with the maintenance of the mail service center. The Secretary shall allocate and charge against the respective departments and agencies their proportionate parts of the cost of the maintenance of the mail service center. The Secretary shall develop a plan for the efficient operation of the center that meets the needs of State agencies, ensures timely delivery of mail, and ensures no loss of federal funds.

### NORTH CAROLINA ADMINISTRATION CODE

#### **Title 1, Chapter 5, Subchapter B .0301 CONTRACTING REQUIREMENTS**

Except where a waiver, special delegation, exemption, or an emergency purchase is permitted by rule, all purchases involving the expenditure of public funds made by universities and other agencies for commodities, services and printing, not covered by statewide term contracts, shall comply with the following delegations and procedures:

- (1) Small Purchases: A small purchase is defined as the purchase of commodities, services or printing, not covered by a term contract, involving an expenditure of public funds of five thousand dollars (\$5,000) or less. The executive officer of each agency, or his designee, shall set forth, in writing, purchasing procedures for making small purchases. The using agency shall award contracts for small purchases. The SPO may require a copy of the small purchase procedures be sent to the Division of Purchase and Contract.
- (2) Purchases Governed by General Delegation or Statute:
  - (a) For purchases made by a university or agency involving an expenditure of public funds over five thousand dollars (\$5,000), up to the benchmark established for a university under the provisions of G.S. 116-31.10, and up to the general delegation limit for agencies established by the SPO under the provisions of G.S. 143-53(a)(2):
    - (i) Competition shall be solicited;
    - (ii) Solicitation documents requesting or inviting offers shall be issued;
    - (iii) Solicitation documents shall include standard language, including terms and conditions as published by the Division of Purchase and Contract on its home web page, unless prior written approval is obtained from the Division for unusual requirements. If additional terms and conditions are used, they shall not conflict with the Division's standard terms and conditions, unless prior written approval is obtained from the Division for unusual requirements; and
    - (iv) Mailing lists, if available from the Division of Purchase and Contract, may be requested and used in addition to mailing lists maintained by the university or agency for the purpose of soliciting competition.
  - (b) Agencies and universities shall advertise their solicitations through the Division of Purchase and Contract for the following purchases:
    - (i) Agencies: For purchases involving an expenditure of public funds exceeding ten thousand dollars (\$10,000), up to the general delegation limit for an agency established by the SPO under the provisions of G.S. 143-53(a)(2);
    - (ii) Universities: For purchases involving an expenditure of public funds exceeding twenty-five thousand dollars (\$25,000), up to the benchmark established for a university under the provisions of G.S. 116-31.10.

Agencies and universities may advertise solicitations on smaller dollar purchases through the Division of Purchase and Contract.

**Title 1, Chapter 5, Subchapter B.1510** The purchasing power of the state or the agency shall not be used for private advantage or gain. Purchases under contracts made by the state or the agency, except those in accordance with G.S. 143-58.1 shall not be allowed for personal use out of private funds nor shall agencies place orders for articles for ownership by employees or other individuals.

### **NORTH CAROLINA STATE BUDGET MANUAL**

#### **5.0.1 Purpose**

Statutory regulations for per diem, transportation, and subsistence allowances for state departments, agencies, boards, commissions, committees, and councils are contained in G.S. 138-5, 138-6, and 138-7. It is the intent of this section to provide statements of policy to enable state departments and agencies a comprehensive reference for uniform interpretation to pay or reimburse allowable state travel expenses pertaining to official travel and subsistence.

#### **5.0.2 Employee Responsibility**

An employee traveling on official state business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary, unjustified, or for the convenience or personal preference of the employee in the performance of official state business are prohibited. The State has authorized the use of credit cards (American Express and Diner's Club) for employees during travel on official state business. These cards are distributed at the discretion of the department head. Employees will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience. Employee misuse of state-issued credit cards is grounds for termination. Pursuant to G.S. 138-6(c), requests for reimbursement shall be filed within 30 days after the travel period ends for which the reimbursement is being requested.

#### **5.0.3 Official State Business**

These policies are intended to apply only to those state employees or other persons on official state business. Official state business occurs when the State employee or other person is traveling to attend approved job related training, work on behalf of, officially represent, or provide a state service upon the State's request. Travel that would not directly benefit the State will not be reimbursable.

#### **5.1.2 Subsistence Rates**

Subsistence is an allowance related to lodging and meal costs (including gratuities) (G.S. 138-6). For the purposes of determining eligibility for allowances, travel status means being away from the employee's normal duty station or home and, while traveling, the employee must be acting in his/her official capacity as required by his/her work activities.

#### **5.1.5 Authorization for Lodging**

Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for overnight stays. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the overnight lodging was necessary and accomplished. The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less, to receive approved reimbursement. "Duty station" is defined as the location where the employee is assigned. The designation of an employee's home as the duty station requires the approval of the department head.

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### **5.1.7 Excess Lodging**

Excess lodging authorization for in-state, out-of-state, and out-of-country travel must be obtained in advance from the department head or his or her designee. Excess lodging is allowed when the employee is in a high cost area and unable to secure lodging within the current allowance, or when the employee submits in writing an opinion that his/her personal safety or security is unattainable within the current allowance. Excess lodging authorization is not allowed for reason of convenience or personal preference for the employee. The employee may exceed the part of the ceiling allocated for lodging without approval from department head of his or her designee provided that the total lodging and food reimbursement does not exceed the maximum daily subsistence.

### **5.1.10 Authorization for Meals**

Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for meals. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the payment for meals was necessary and accomplished.

### **5.1.11 Reimbursement for Meals**

Each employee is responsible for his or her own request for reimbursement. Tips for meals are included in the meal allowance. Each meal reimbursement rate must be listed on the reimbursement request. Departure and arrival times must also be listed on the reimbursement request. The costs of meals included in other related activities (registration fees, conference costs, hotel registration, etc.) may not be duplicated in reimbursement requests. An employee may be reimbursed, if requested, for breakfast even if their lodging establishment offers a free continental breakfast.

### **5.1.12 Meals during Overnight Travel**

A state employee may be reimbursed for meals, including lunches, while on official state business when the employee is in overnight travel status. The destination must be located at least 35 miles from the employee's regularly assigned duty station (vicinity) or home, whichever is less, to receive approved reimbursement.

### **5.1.17 Excess Meals**

No excess reimbursement will be allowed for meals unless there are predetermined charges, or the meals were for out-of-country travel. The department head or his or her designee may grant excess subsistence for meals for out-of-country travel.

### **5.1.26 Transportation by Personal Vehicle (effective January 2015)**

Actual mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination (and return). The business standard mileage rate set by the Internal Revenue Service (**57.5 cents per mile effective January 1, 2015**)<sup>16</sup> will be paid. Parking fees, tolls, and storage fees are reimbursable when the required receipts are obtained. A state employee shall be reimbursed the business standard mileage rate set by the Internal Revenue Service when using their personal vehicles for state business when the round trip does not exceed 100 miles or when a state-owned vehicle is not available. However, if a state employee chooses

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<sup>16</sup> The IRS rate was 55.5, 56.5 and 56 cents per mile in calendar year 2012, 2013 and 2014, respectively.

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to use a personal vehicle when a state-owned vehicle is available, all departments and agencies will reimburse the employee at the motor fleet rate for mileage of 30 cents per mile.

### **5.1.27 Transportation by a Rental Vehicle (effective January 2012 – July 2015)**

Rental vehicles may be used; however, rental vehicles are not to be used at state expense solely for the convenience or personal preference of the employee. A receipt is necessary for reimbursement. No reimbursement will be made for rental insurance purchased because state employees are covered under the State's auto insurance program. However, reimbursement for automobile rental insurance will be permitted for individuals engaged in state business during travel to international destinations.

### **5.8.5 Requirements and Limitations for Internal Conferences**

- The conference is planned in detail in advance, with a formal agenda or curriculum.
- There is a written invitation to participants, setting forth the calendar of events and the detailed schedule of costs.
- No excess travel subsistence may be granted for internal departmental meetings, conferences, seminars, etc., and such meetings must be held in state facilities when available. No registration fee may be charged.
- Sponsoring departments may provide refreshments for "coffee breaks" provided there are twenty or more participants and costs do not exceed four dollars and fifty cents (\$4.50) per participant per day.
- A department cannot use State funds to provide promotional or gift items to be distributed at the conference.
- A department cannot use State funds to support or underwrite a rally, celebration, reception, employee appreciation activity, or similar function.
- A department cannot use State funds to support or underwrite a meeting, assembly, conference, seminar, or similar function by whatever name called that promotes any cause or purpose other than the mission and objective of the department.

### **5.9.2 Requirements and Limitations for informal meetings**

State employees who are elected by a vote of the people or appointed by the governor, the president of The University of North Carolina, the chancellors of the constituent institutions of the university, the executive director of University of North Carolina Hospitals at Chapel Hill, chairman of the State Board of Education, and the President of the Community College System, or their designees, when given prior written approval by the department head for a specific event, may be reimbursed from State funds for actual costs of meals for themselves and individuals who are not state employees who are their guests, when accompanying them in the course of conducting official State business. Cost of meals and other expenses for family members of the above referenced State officials are not reimbursable.

**5.10.5 Mobile Telephones** Because mobile telephone charges (cellular and digital) are based on measured use, no personal calls should be made on state-owned mobile telephones except in case of emergency as determined by the department. Mobile telephone calls to conduct official State business should only be used when more economical means of telephoning are not reasonably available.

If an employee uses his/her personal mobile telephone in conducting State business, the employee can be eligible for reimbursement when more economical means of telephoning are

not reasonably available. In order for the agency to reimburse the employee, the employee must indicate on his/her telephone bill the reimbursable calls, individuals called, and nature of calls and submit the telephone bill to their supervisor for approval. If the supervisor approves the calls as State business related, the agency will reimburse the actual billed cost of the call.

### **5.11.3 Employee-owned Devices**

Any State agency or institution may elect to provide an allowance to an employee for the business use of their personal MCD. The following requirements must be followed:

1. MCD allowances are provided only for individuals required to maintain personal cell phones for substantial noncompensatory business reasons. Examples of required substantial noncompensatory business reasons include: (1) the agency/institution's need to con-tact the employee at all times for work-related emergencies; or (2) the agency/institution's requirement that an employee be routinely available to speak with legislators or other elected officials, community leaders, or customers at times outside the normal work schedule or at times when the employee is away from the duty station.
2. State agencies and institutions must develop an initial business case for the use of MCD allowance. The business case must demonstrate the following:
  - a. The use of a MCD allowance in lieu of a state-issued device produces a savings to the State.
  - b. Specifically, the calculated savings must show not only an overall savings to the organization as a result of transferring impacted employees from state-issued de-vices to a monthly allowance; but the savings must be demonstrated for a substantial majority of the impacted individual employees. (i.e., while significant savings for one or two individuals may be sufficient to generate overall savings for an agency, the agency must still show that most employees generate some level of savings).
  - c. The basis for comparison to an MCD allowance is the current statewide term con-tract price of the most conservative plan that meets the employee's job requirements. (Statewide entities not required to use the State IT contract may substitute locally negotiated contract prices for comparison.)
3. The business case must be submitted and approved by OSBM prior to the implementation of a MCD allowance policy. Concurrently, the agency's internal policies and procedures for the MCD allowance must be submitted to OSBM.
4. State agencies and institutions must develop a flat or tiered allowance, based upon the volume of use, for the business use of personal MCDs.
5. Necessity of a MCD allowance must be justified, documented and approved by the proper internal authority.
6. Each individual MCD allowance must be reviewed and justified every fiscal year.
7. Each employee who receives a MCD allowance must provide documentation, such as an annual contract or a monthly billing statement, which shows that the allowance does not exceed expenses the employee actually incurs in maintaining the device. This documentation should be provided at least annually to the proper internal authority. If the documentation shows that the employee's MCD allowance exceeds the employee's typical monthly cost, the employee's allowance must be reduced to a lower tier, so that the allowance does not exceed expenses incurred by the employee.

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MCD records could be subject to the North Carolina public records law (General Statute § 132). An employee receiving a MCD allowance may not be reimbursed for business or personal calls allowable during travel status as outlined in section 5.10 Phone Calls.

### N.C. OSHR POLICIES

**Fiscal Administration 039** (Small Purchase – Range of \$2,500 or less). A “small purchase” is an expenditure of public funds of \$2,500 or less for the commodities or services (including freight and shipping, if applicable provided budgeted funds are available.). One (1) informal vendor quote and issuance of purchase order (PO) is required for purchases transaction within this price range. Use of Purchase Card (P-Card) could be authorize under some circumstances.

**Fiscal Administration 040** (Range \$2,500.01 – \$5,000). Purchase of commodities and service not covered by an existing statewide term contract. Purchases within this dollar range require the issuance of a purchase order. A minimum of three (3) informal “quotes or E-quotes”, showing ‘good faith effort to seek competition is required for purchased transactions within this price range. These proposed purchases must be provided to the Department of Administration’s Office of Fiscal Management.

**Fiscal Administration 041** (Range \$5,000.01 – \$10,000) Proposed purchases/services of \$5,000.01 - \$10,000 are required to obtain three (3) informal quotes but must be on State form to include Terms and Conditions. These purposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.

**Fiscal Administration 042** (Range \$10,000.01 – \$25,000) Proposed purchases/services of \$10,000.01 - \$25,000 are required to obtain competitive bids using Interactive Purchasing System (IPS). These purposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.

**Fiscal Administration 043** (Range \$25,000.01 and above) Proposed purchases/services of \$25,000.01 and above are required to be approved by Purchasing and Contract (P&C). These purposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.

**Section 2 Employment of Relatives (Nepotism)** Members of an immediate family shall not be employed within the same agency if such employment will result in one member supervising another member of the employee’s immediate family, or if one member will occupy a position which has influence over another member's employment, promotion, salary administration or other related management or personnel considerations. The term immediate family includes wife, husband, mother, father, brother, sister, son, daughter, grandmother, grandfather, grandson and granddaughter. Also included is the step-, half- and in-law relationships based on the listing in this Paragraph. It also includes other people living in the same household, who share a relationship comparable to immediate family members, if either occupies a position which requires influence over the other's employment, promotion, salary administration or other related management or personnel considerations.

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**Section 3 Temporary Appointment** A temporary appointment is an appointment for a limited term, normally not to exceed three to six months, to a permanent or temporary position. Upon request, the Office of State Human Resources shall approve a longer period of time; but in no case shall the temporary employment period exceed 12 consecutive months. Exception for students and retired employees: Students are exempt from the 12-month maximum limit. If retired employees sign a statement that they are not available for nor seek permanent employment, they may have temporary appointments for more than 12 months. "Retired" is defined as drawing a retirement income and/or social security benefits.

### **EXECUTIVE ORDER NO. 24 REGARDING GIFTS TO STATE EMPLOYEES**

**WHEREAS**, those in State government who do the work of the public must continuously ensure that their actions reflect the ethical standards that are essential to maintaining the public's trust; and

**WHEREAS**, N.C. Gen. Stat. 133-32 makes it unlawful for a State employee to willfully receive or accept any gift or favor from a contractor, subcontractor, or supplier of the State agency if the State employee is involved in (1) preparing plans, specifications, or estimates for public contracts; (2) awarding or administering public contracts; or (3) inspecting or supervising construction; and

**WHEREAS**, N.C. Gen. Stat. 133-32 applies to a limited group of State employees; and

**WHEREAS**, no State employee should be permitted to accept gifts or favors from contractors working or seeking to work with the employee's agency; and

**WHEREAS**, as State employees continue to work to provide excellent service to the State, it is imperative that they understand the legal restrictions to accepting gifts and favors and the consequences for such actions.

**NOW, THEREFORE**, by the power vested in me as Governor by the Constitution and laws of the State of North Carolina, **IT IS ORDERED**:

1. North Carolina General Statute 133-32 shall apply to all employees in the Cabinet agencies and the Office of the Governor.
2. Within the next 30 days, the secretary of each executive branch agency shall do the following:
  - a. Review this Executive Order with the employees in their respective agency and inform all employees that violation of this Order may subject the employees to disciplinary action.
  - b. Review N.C. Gen. Stat. 133-32 with all employees in their respective agency and inform all employees that violation of N.C. Gen. Stat. 133-32 is a Class I misdemeanor and may subject the employees to disciplinary action.
  - c. Review with all employees in their respective agency any additional policies or rules that the agency may have regarding the acceptance of gifts, meals, or favors by employees in the agency.
  - d. Distribute this Executive Order, N.C. Gen. Stat. 133-32, and any relevant agency policies to all employees in the agency and require employees to certify, in writing, that they have received a copy of and are responsible for complying with this Executive Order, N.C. Gen. Stat. 133-32, and any internal policies.

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- e. As a part of new employee orientation for their respective agency and in conjunction with the Office of State Personnel, establish a process to provide a copy of all documents specified in Section 2d above to new employees and require new employees to certify, in writing, that they have received a copy of and are responsible for complying with the provisions of this Executive Order, N.C. Gen. Stat. 133-32, and any internal policies.
- f. Provide a report to the Governor's Ethics Officer concerning compliance with the directives of this Executive Order and any recommendations for changes to policies or state law regarding acceptance of gifts by State employees.
3. The Office of State Personnel shall assist the secretaries of the executive agencies to ensure that the documents specified in Section 2d above are provided to employees through the new employee orientation process and that new employees certify that they have received a copy of such documents as provided in Section 2e above.
4. The State Ethics Commission shall discuss this Executive Order and N.C. Gen. Stat. 133-32 in their training for State employees who are covered by the Ethics Act.
5. The Department of Administration shall include a provision regarding this Executive Order and N.C. Gen. Stat. 133-32 in all new RFPs, the North Carolina General Contract Terms and Conditions, and all other contracts under the authority of the Department of Administration, the Department of Transportation, the Office of Information Technology Services, and all other cabinet agencies to inform contractors of the requirements of this Order and the statute. The department shall also notify current contractors regarding the provisions of this Order and N.C. Gen. Stat. 133-32.
6. The Board of Governors of the University of North Carolina System, the State Board of Community Colleges. and each head of the Council of State agencies are encouraged and invited to participate in this Executive Order.

This Executive Order shall be effective immediately and shall remain in effect until rescinded. This Executive Order shall supplement. but shall not supersede, existing agency policies regarding the acceptance of gifts and favors by agency employees.

**IN WITNESS WHEREOF, I** have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh. this first day of October in the year of our Lord two thousand and nine, and of the Independence of the United States of America the two hundred and thirty-fourth.

### **EXECUTIVE ORDER NO. 4 TEMPORARY EMPLOYMENT SERVICES**

**WHEREAS**, State agencies and departments have the need to obtain the services of temporary employees from time to time in order to efficiently respond to temporary or changing conditions; and

**WHEREAS**, there has been established in the Office of State Personnel a temporary employment service entitled Temporary Solutions; and

**WHEREAS**, Temporary Solutions has been and continues to be administered by the Office of State Personnel; and

## Appendix A

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**WHEREAS**, Temporary Solutions provides temporary staffing services for North Carolina State Government at a cost-effective rate; and

**WHEREAS**, the State Personnel Director, through Temporary Solutions charges the agencies, departments, and institutions which use Temporary Solutions for use of the temporary workforce, which includes the cost of maintenance of the Program and a small administrative fee; and

**WHEREAS**, the State Personnel Director is and shall continue to be responsible for the efficient operation of the Temporary Solutions program that meets the temporary employment needs of State agencies, departments, and institutions.

**NOW THEREFORE**, by the power vested in me as Governor by the Constitution and laws of the State of North Carolina, **IT IS ORDERED**:

**Section 1.** All departments and agencies which utilize temporary employees shall employ them through the Temporary Solutions Program which is administered by the Office of State Personnel or a similar temporary employment service approved by the State Personnel Director.

**Section 2.** The head of each Council of State department and the University of North Carolina System, which employ temporary employees, are encouraged and invited to employ them through the Temporary Solutions Program or a similar temporary employment service administered by a specified group of agencies and universities.

**Section 3.** The hiring of any temporary employee by a department or agency shall be reported to the Office of State Personnel. The use of any entity by a department or agency to employ a temporary employee other than Temporary Solutions shall be approved prior to such use by the State Personnel Director.

**Section 4.** The State Personnel Director shall establish monthly monitoring of the utilization of temporary employees in State Government and shall provide an annual report to the State Personnel Commission on the compliance by all agencies, departments and institutions as a part of N.C.G.S. § 126-3(b)(8) and (9) as it relates to temporary employees.

**Section 5.** This Executive Order is effective immediately and it shall remain in effect until rescinded.

**IN WITNESS WHEREOF**, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twenty-seventh day of February, in the year of our Lord two thousand thirteen, and of the Independence of the United States of America the two hundred and thirty-seventh.



North Carolina College & University Professional Association-Human Resources

**EXHIBIT BOOTH REQUIREMENTS**

**Please provide the following information:**

Electrical outlet needed:

☐ Yes

☒ No

If yes, how many:

Data line needed:\*

☐ Yes

☒ No

If yes, how many:

\*Please contact the hotel regarding connection fees.

Please contact [redacted] for any of your exhibit shipping and receiving needs at [redacted] office ( [redacted]  
3 [redacted] 7 or by email at [redacted].

Deadline to respond regarding sponsorship and/or exhibit space payment: **August 14, 2013.**

**Payment Information**

The undersigned, a duly authorized representative or agent of the applying organization, has agreed to participate in the NCCUPA-HR Fall Conference, September 11-13, 2013 at the Hilton Asheville Biltmore Hotel, Asheville, NC. The applicant agrees to pay all fees listed. If exhibiting, the applicant agrees to the terms and conditions described in the application.

Company: NCFlex

Name of Company Representative (printed): [redacted]

☒ Check for \$2,500/enclosed (make check payable to NCCUPA-HR).

Send payment to:

[redacted]  
East Carolina University  
Greenville, NC 27858

Office: [redacted]

Fax: [redacted]  
[redacted]

**Questions regarding the NCCUPA – HR conference:**

[redacted]  
Catawba College  
2300 West Innes Street  
Salisbury, NC 28144

Office: [redacted]

Fax: [redacted]  
[redacted]

[redacted]  
Elon University  
2070 Campus Box  
Elon, NC 27244

# 2014 PARTICIPANT FORM I CREDIT CARD AUTHORIZATION

Washington, D.C. |  
September 20 - 24, 2015

Name: [REDACTED] Position: HR mgr  
 Organization: WCFlex  
 Address: 116 W. Jones St  
 City: Beaufort State: NC Zip Code: 27603 Country: US  
 Phone: 919 807 4879 E-mail: [REDACTED]

Exhibit Booth and Sponsorship Fees are as follows

<input type="checkbox"/> Exhibitor	\$3,900	<input type="checkbox"/> Gold Elite Sponsorship	\$10,000	<input type="checkbox"/> Other Amount
<input type="checkbox"/> Silver Sponsorship	\$5,000	<input type="checkbox"/> Platinum Sponsorship	\$15,000	
<input type="checkbox"/> Gold Sponsorship	\$7,500	<input checked="" type="checkbox"/> Diamond Sponsorship	\$30,000	

Payment

☐ Check ☐ Visa ☒ Mastercard ☐ Discover ☐ AMEX

Credit Card Information

Name: [REDACTED]  
 Billing Address (if different from above)  
 City: \_\_\_\_\_ State: \_\_\_\_\_  
 Zip Code: \_\_\_\_\_ Country: \_\_\_\_\_  
 Card Number: 4 7 6 3  
 Expiration Date: 12/15 Security Code: 878  
 I hereby allow Employer Healthcare Congress to charge my credit card \$ 30,000 U.S. Dollars  
 Signature: [Signature] Date: 12/1/15  
 Amount Paid: 30,000

Make Checks Payable To

Please Send Back Form To

Employer Healthcare Congress  
 8845 N Military Trail, Suite 200  
 Palm Beach Gardens, FL 33410

E-mail: [Info@EmployerHealthcareCongress.com](mailto:Info@EmployerHealthcareCongress.com)  
 Tel: (561) 792-4418 x 809  
 Fax: (866) 547-1639

# 60th BIRTHDAY Bash

Sponsorship/Donation Form

## Sponsorship

- ☒ Elvis (category exclusivity) ..... \$15,000
- ☐ Old Blue Eyes ..... \$10,000
- ☐ Johnny B Goode..... \$5,000
- ☐ Hound Dogr..... \$2,500
- ☐ Mack the Knife ..... \$1,200
- ☐ Juke Box Baby ..... \$500
- ☐ Be-Bop Baby ..... \$300

- ☐ I would like my sponsorship to remain anonymous.
- ☐ I would like my complimentary tickets.
- ☐ I need a receipt for tax purposes.

## In-kind Donor

- ☐ I would like to make the following In-kind Donation:

Item or Service \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approximate Value \$ \_\_\_\_\_

- ☐ I would like my donation to remain anonymous.
- ☐ If applicable, I would like my complimentary tickets.
- ☐ I need a receipt for tax purposes.

## Auction Item

- ☐ I would like to make the following Auction Item Donation:

Item or Service \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approximate Value \$ \_\_\_\_\_

- ☐ I would like my donation to remain anonymous.
- ☐ I need a receipt for tax purposes.

Company/Organization NCElex

Contact Name [REDACTED]

Address 116 W. Jones St

Raleigh, NC 27607

Phone 919 807 4879 Email [REDACTED]

### SPONSOR PAYMENT

- ☐ Check (Please make payable to The Arc of Wake County) ☒ MC ☐ Visa ☐ AmEx ☐ Discover

Name on card [REDACTED] 3 or 4 digit security code xy xy 8396

Card number xy xy 8396 Exp. date 7/2017

Signature [REDACTED] Zip Code on Account 31214

**The Arc.**

Wake County

1954 - 2014

60 years of  
advocacy, awareness  
& achievement

343 E. Six Forks Rd.  
Suite 370  
Raleigh, NC 27609  
919-832-2660  
Fax 919-832-5446  
www.arcwake.org



# HUMAN CAPITAL INSTITUTE

205 Billings Farm Road Suite #3A  
White River Jct, VT 05001

## Appendix B

### 2013 Strategic HR Business Partner (s-HRBP) Certification

Charlotte, NC Class <> December 9-11, 2013

Please complete registration form & return to:

**Gary Portie - Sr Director**

Tel.: 866.538.1909 ext.1916

Fax: 1-212-796-2155

E-mail: gary.portie@hci.org

Description	Discounted Pricing (expires NOV-5th)	Full Price
<b>s-HRBP Certification</b> (Includes all expenses)	<b>\$2,150*</b> (Save \$600)	<b>\$2,750</b>

\*Please contact me directly for Special GROUP or multi-delegate pricing (2+ or more)!

Please register us to attend as detailed below:

Company:	N C Flex Consulting	
Billing Address	116 W. Jones St	
City/State/Zip:	919 807 4879	
Direct Phone:	[Redacted]	
Email:	[Redacted]	
Delegate Name:	Title:	Amount:
[Redacted]	HR Program Director	\$2,750

**Total:** \$2,750

Payment will be made by:

☐ VISA

☐ AMEX

☒ MasterCard

Card No: 714 7215

Expiration Date: 7/15

CVV:

Name of Cardholder: [Redacted]

*Paid  
12/2/13*

# PROFESSIONAL RATE PAYMENT SLIP

May 25, 2012  
Promotion Code: 4291118

Group Leader-Employee Benefits  
NC Office of Personnel  
1331 Mail Service Ctr.  
Raleigh, NC 27699-1300

Membership is nonrefundable and nontransferable.

If you are already a member, we apologize that you received this mailing. We were unable to match your name and address as they appear in our database. Please forward this offer to a colleague and visit [www.shrm.org/remove](http://www.shrm.org/remove) to remove this recipient from our system.



PO Box 79482  
Baltimore, MD 21279-0482  
[www.shrm.org](http://www.shrm.org)  
+1-800-283-7476 (U.S. Only)  
+1-703-548-3440 (International)  
+1-703-548-6999 TTY/TDD  
+1-703-535-6490 Fax

INCLUDE THIS PORTION WITH YOUR PAYMENT.

Please complete profile info on back. >>>

## Appendix B

DUE DATE: 7/25/12	TOTAL AMOUNT: \$165	PROMOTION CODE: 4291118
----------------------	------------------------	----------------------------

### PLEASE PROVIDE:

Primary E-mail\* (required): \_\_\_\_\_ ☐ Business ☐ Home  
(A valid e-mail address is needed to receive member communications.)

METHOD OF PAYMENT ☒ Charge \$165 to my: ☒ VISA ☐ MasterCard ☐ American Express  
☒ YES! Automatically renew my membership each year using my credit card as indicated below. See reverse for details.\*

Card Number: 919 807 1243 Exp. Date (month/year): 12/11

Name as it Ap: \_\_\_\_\_ Cardholder's Daytime Phone No.: 919 807 4879

Cardholder's Signature: \_\_\_\_\_  
☐ Check (Please make check for \$165 payable to SHRM.) ☐ Personal ☐ Company  
Checks received without the accompanying remittance slip cannot be processed.

☐ Bill me for \$180. Discount not available with bill me option. I understand my SHRM membership will not start until SHRM processes my payment.

Primary Phone: 919 807 4879 ☐ Business ☐ Home

I hereby apply for membership in the Society for Human Resource Management and agree to pay the current applicable membership dues (of which \$55 is applied toward HR Magazine®). Under IRC Section 162(e), 7% of the SHRM annual dues are allocable to lobbying expenses and are therefore not deductible. I will abide by the SHRM Code of Ethical and Professional Standards in Human Resource Management.

Signature: \_\_\_\_\_ Date: 7/3/12

4291 C

## THE WALL STREET JOURNAL.

200 Burnett Road, Chicopee, MA 01020

Renew now and enjoy the print Journal 6 days a week and  
24/7 subscriber-only access to WSJ.com!

## Renewal Savings Notice

Yes! Renew my subscription to The Wall Street Journal including  
The Wall Street Journal Online:

ANNUAL RENEWAL	FULL PRICE	YOU PAY	YOU SAVE
	\$15.72/week	\$2.95/week	81%

☐ Charge my credit card quarterly for \$38.37 subject to the automatic renewal features described below.

☐ AmEx ☐ MasterCard ☐ Visa ☐ Discover

Card No.: \_\_\_\_\_ Exp.: \_\_\_\_\_

☒ Enclosed is my check for \$153.47 payable to The Wall Street Journal

Email: 805P.NC.gow

(Required for online access and service updates)

check # 4263 due 7/2/2012

111811070451JPB03600001534700015347 00000000000000000004S00004

P:9BFS31

4S

1P

# Appendix B



HILTON NEWARK AIRPORT  
1170 Spring Street | Elizabeth, NJ | 07201  
T: 908 351 3900 | F: 908 351 9556  
W: hilton.com

## NAME AND ADDRESS:

500 W MADISON  
SUITE 1000  
CHICAGO IL 60661  
UNITED STATES OF AMERICA

Room: 432/D2  
Arrival Date: 9/27/2014 7:51:00 PM  
Departure Date: 9/28/2014  
Adult/Child: 2/0  
Room Rate:  
Rate Plan: OR  
HH #  
AL:  
Car:

Confirmation Number: 3151580897

9/27/2014 Page 1

DATE	REFERENCE	DESCRIPTION	AMOUNT
		WILL BE SETTLED TO AX*3006	\$0.00
		EFFECTIVE BALANCE OF	\$0.00

*Paid \$190.00*



ACCOUNT NO.	DATE OF CHARGE	FOID NO./CHECK NO.
		1125919 B
CARD MEMBER NAME	AUTHORIZATION	INITIAL
ESTABLISHMENT NO. & LOCATION	PURCHASES & SERVICES	
	TAXES	
	TIPS & MISC.	
CARD MEMBER'S SIGNATURE	TOTAL AMOUNT	
MERCHANDISE AND/OR SERVICES PURCHASED ON THIS CARD SHALL NOT BE RESOLD OR RETURNED FOR A CASH REFUND.	PAYMENT DUE UPON RECEIPT	

# Appendix B



Courtyard by Marriott  
Rocky Mount

250 Gateway Blvd  
Rocky Mount, Nc 27804  
T 252.451.4800

250 Gateway Blvd  
Rocky Mount NC 27804  
Nc Flex

Room: 302  
Room Type: KSTE  
Number of Guests: 1  
Rate: \$0.00 Clerk: LCM

Arrive: 09Apr14 Time: 08:16PM Depart: 11Apr14 Time: 07:08AM Folio Number: 81383

Date	Description	Charges	Credits
------	-------------	---------	---------

09Apr14	Restaurant Room Charge	1.81	
10Apr14	Restaurant Room Charge	6.18	
11Apr14	Restaurant Room Charge	5.11	
11Apr14	Master Card		

Card #: MCXXXXXXXXXXXX7383/XXXX  
Amount: 13.10 Auth: 04169G Signature on File  
This card was electronically swiped on 09Apr14

Balance: 113.10

13.10

100.00

113.10

As a Rewards Member, you could have earned points toward your free dream vacation today. Start earning points and elite status, plus enjoy exclusive member offers. Enroll today at the front desk.

As requested, a final copy of your bill will be emailed to you at: [REDACTED]@NC.GOV. See "Internet Privacy Statement" on Marriott.com.

## Appendix B

**MR. CLEO'S**

Taxi transportation

**919 \* 819 \* 3045**

FROM

AirPort

TO

HILTON, Newark & Back

DATE

Sept 20, 2014

AMOUNT \$

90/-

DRIVER

John

CAB #

1234

"Great Service"

## Enter Payment Amount

Please enter in the amount you want to pay and click "Continue" button.

Account	NCSU Controllers Office	
Company Name (Required)	YOUR COMPANY	<i>Please enter all information as shown</i>
Contact Name (Required)	YOUR NAME	
Payment Purpose (Required)	2013 Benefits Expo	
Invoice Number	leave blank	
NCSU Contact Name	Brandy Flickinger	
NCSU Department	Human Resources	
Project Number	leave blank	
Account Information	leave blank	
Payment Amount (Required)	PAYMENT AMOUNT	-Single Booth.....\$225
Payment Method	Credit Card	-Double Booth.....\$450
		-Electricity.....\$25

**Continue**

4. Complete all fields in the below form. Select the "Continue" button to complete your transaction.

Appendix B

PR Daily | Health Care News | HR Communication

Log In | Cart | Store

ragan.com

Home | Internal | PR | Social Media | Writing &amp; Editing | Speechwriting | Events | Training | Awards | Videos | Product Search

home » shopping cart



## Your Shopping Cart

Members, please remember to login to secure your member price.

Selected Product	Preferred Customer Code	Unit Price	Handling	Qty.	Subtotal	Bill Me	Remove item
ALL-ACCESS PASS: Content Summit for PR, Social Media and Marketing Professionals	309NCM	\$1,495.00	0	1	\$1,495.00	<input type="checkbox"/>	<a href="#">REMOVE</a>
CONFERENCE: Content Summit for PR, Social Media and Marketing Professionals	309NCM	\$995.00	0	1	\$995.00	<input type="checkbox"/>	<a href="#">REMOVE</a>
					<b>Total:</b> \$2,490.00		<a href="#">UPDATE</a>

[« CONTINUE SHOPPING](#)

If you're applying a Preferred Customer Code please click on UPDATE and then proceed to checkout.

[PROCEED TO CHECKOUT »](#)

## WANT TO SAVE MONEY ON ALL OF THE ITEMS IN YOUR SHOPPING CART?

Become a member of Ragan Select! Not only will you benefit from significant discounts on every Ragan product and event, you'll also receive free toolkits, unlimited access to archived articles, free quarterly webinars and more!

Price: \$279

ragan select

[ADD TO CART »](#)

Parabymc  
 XXX-XX-9986  
 ETP R/2015

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## Appendix B

[Maps and Directions](#)[Travel Blogs](#)[Discover](#)[Local](#)[Book Travel](#)[Gas Prices](#)[Mobile](#)

# mapquest

Bookings powered by

**priceline.com**  
partner network

HOTELS



FLIGHTS



FLIGHT &amp; HOTEL



RENTAL CARS

Hotels

[Bonita Springs, FL](#)[Hyatt Regency Coconut Point Resort And Spa](#)

English

(USD) US dollar

### 1 Your Information

First Name Last Name

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Billing Address

Country

Country ▾

City

Zip/Postal  
Code

Email

### Summary of Charges

(All prices are in USD)

Room cost (per night):	\$629.00
Nights:	5
Rooms:	1
Guests:	1
Room Subtotal:	\$3145.00
Taxes and Fees:	\$346.60

#### TOTAL CHARGES

**\$3491.60** USD**Hyatt Regency Coconut  
Point Resort And Spa**

★★★★★

**Wonderful, 9.3 98 Ratings****Address:**

5001 Coconut Road , Bonita Springs , FL , 34134 , US

**Room Type:**

King Bed

Appendix B[Home](#) [Topics](#) [Videos](#) [Webinars](#) [Courses](#)

Selected

Preferred Customer  
Code

Subtotal

Remove item

One Year Membership: Ragan Training Membership

\$1,295.00

REMOVE

Total \$1,295.00

UPDATE

Memberships are per individual, not per organization.

If you would like to place a group order please call Shallon Blackburn at (570) 567-0419

PROCEED TO CHECKOUT »

*Handwritten: Paid MC*[Home](#) [Presenters](#) [About](#) [FAQ](#)Copyright 2012 Ragan Communications, Inc. All Rights Reserved.  
[Privacy Policy](#) | [Contact Us](#)

# Appendix B

Español

Southwest

FLIGHT | HOTEL | CAR | SPECIAL OFFERS | RAPID REWARDS®

## Raleigh/Durham, NC to Ft. Myers, FL

**Air** Total Price: **\$708.10**

### ITINERARY

DEPART APR 4 SAT	10:20 AM	Depart Raleigh/Durham, NC (RDU) on Southwest Airlines	Flight #1041 Southwest	Saturday, April 4, 2015 Travel Time 5 h 05 m (1 stop, includes 1 plane change) Business Select
	11:45 AM	Arrive in Atlanta, GA (ATL)	WiFi available	
	01:45 PM	Change to Southwest Airlines in Atlanta, GA (ATL)	Flight #1212 Southwest	
	03:25 PM	Arrive in Ft. Myers, FL (RSW)		
RETURN APR 9 THU	10:30 AM	Depart Ft. Myers, FL (RSW) on Southwest Airlines	Flight #1097 Southwest	Thursday, April 9, 2015 Travel Time 7 h 05 m (1 stop, includes 1 plane change) Business Select
	01:00 PM	Arrive in Baltimore/Washington, MD (BWI)		
	04:30 PM	Change to Southwest Airlines in Baltimore/Washington, MD (BWI)	Flight #1011 Southwest	
	05:35 PM	Arrive in Raleigh/Durham, NC (RDU)	WiFi available	

### What you need to know to travel:

- Check-in: Be sure to arrive at the departure gate with your boarding pass at least 10 minutes before your scheduled departure time. Otherwise, your reserved space may be cancelled and you won't be eligible for denied booking compensation.
- No Show Policy: If you are not planning to travel on any portion of this itinerary, please cancel your reservation at least 10 minutes prior to scheduled departure of the flight. For tickets purchased on or after May 10, 2013 and travel beginning September 13, 2013, Customers who fail to cancel reservations for a Wanna Get Away or DING! fare segment at least ten (10) minutes prior to travel and who do not board the flight will be considered a no show, and all remaining, unused funds on this reservation will be forfeited, including Business Select and Anytime funds.

### PRICE: ADULT

Trip	Routing	Fare Type   View Fare Rules	Fare Details	Quantity	Total
Depart	RDU-ATL-RSW	Business Select Superior Benefits	<ul style="list-style-type: none"> <li>Priority Boarding</li> <li>Maximum Rapid Rewards® Points</li> <li>Fully Refundable</li> <li>Fly By® Security Lane</li> <li>Free Same Day Changes</li> <li>Premium Drink</li> </ul>	1	\$357.60
Return	RSW-BWI-RDU	Business Select Superior Benefits	<ul style="list-style-type: none"> <li>Priority Boarding</li> <li>Maximum Rapid Rewards® Points</li> <li>Fully Refundable</li> <li>Fly By® Security Lane</li> <li>Free Same Day Changes</li> <li>Premium Drink</li> </ul>	1	\$344.50

Enroll in Rapid Rewards and earn at least 7400 Points for this trip. Already a Member? Log in to ensure you are getting the points you deserve.

Subtotal **\$708.10**  
Fare Breakdown

You can't find this great fare on any other website. Southwest fares are only on southwest.com®

1st and 2nd Checked Bags Fly Free®\*

\*Weight and size limits apply.

Bag Charge \$0.00

Air Total:  
**\$708.10**

Modify Trip

By clicking "Continue", you agree to accept the fare rules and want to continue with this purchase

Purchase your shopping cart...

Continue



Get **\$100 Statement Credit** after first purchase  
& Earn **10,000 Bonus Points**

Apply Now

You Pay Today: **\$708.10**

Credit On Your Statement: **-\$100.00**

Total After Statement Credit: **\$608.10**



Add a Hotel

## Appendix B

✓ We'll keep an eye on your cart for you while you shop. Products not confirmed until purchase.



**BEST WESTERN Fort  
Myers Inn & Suites**

**\$81/night**

Rapid Rewards Partner

3 Star Rating

[View Details](#)

Search for hotels in Fort Myers (04/04/2015 - 04/09/2015)

Close To (optional)

Center of destination

within 30 miles

Show Only (optional)

Hotel Chains

Shop All Hotel Chains

[Find Hotels](#)



### Add a Car

✓ We'll keep an eye on your cart for you while you shop. Products not confirmed until purchase.

Type in any city or airport in the U.S., Canada or Mexico

Pickup Location

Ft. Myers, FL - RSW

Pickup Date

04/04/2015

Dropoff Date

04/09/2015

Vehicle Type (optional)

Economy

Which Company? (optional)

Shop All

[Advanced Search](#)

[Find Cars](#)

**Trip Total**

**\$708.10**

[Modify Trip](#)

**Purchase your shopping cart...**

By clicking 'Continue', you agree to accept the fare rules and want to continue with this purchase.

[Continue](#)

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## Appendix B



# Grant Writing Service Agreement

July 25, 2012

Code: JN

On behalf of Resource Associates, I would like to thank you for your interest in our capacity building services. Please review and sign this Service Agreement and mail (with payment) to our office at **418 W. Broadway, Suite C, Farmington, NM 87401**. We are extremely excited about the opportunity to work with your organization!

Name of the "Client" Organization: North Carolina Office of State Personnel <i>(Hereinafter, this entity will be referred to as the "Client")</i>	
Name of the Authorized Representative for the "Client" Organization: [REDACTED]	
Title: HR Manager – Total Compensation <i>(The Authorized Representative must have unrestricted authority to sign and enter into this agreement on behalf of the Client)</i>	
Other Contact Name and Title: Same	
Address: 1331 Mail Service Center, Raleigh, NC 27699-1331	
Phone: 919-807-4879, cell: [REDACTED]	Fax: 919-715-0237
Email: [REDACTED]	Website: <a href="http://www.osp.state.nc.us/ExternalHome/">http://www.osp.state.nc.us/ExternalHome/</a>
Client agrees to pay \$1,800 by: wire transfer <input type="checkbox"/> overnight <input checked="" type="checkbox"/> US mail <input type="checkbox"/>	
This payment will arrive in 1 to 3 days from the date of this signed agreement, or within 7 days if a purchase order is received first with this signed agreement.	

### A. SERVICE AND FEE

Please place a checkmark next to each service that you, as the Client are contracting Resource Associates (hereinafter referred to as the "Provider") to perform:

	SERVICE	COST	SERVICE DESCRIPTION
<input checked="" type="checkbox"/>	<b>Reduced Fee Grant Proposal Writing Service:</b>  Development of a Grant Proposal for the CPS HR/IPMA-HR Innovation Grant  Up to \$25,000  Due: August 3, 2012  CCR Req'd [ no ]	\$1,800	This reduced fee service includes the writing of the full narrative and budget of a grant proposal by the Provider. A special rate of \$1,800 will be paid by the Client to the Provider for this service only upon the condition that the Client guarantees to contract the Provider (or a division of the Provider) for post award services if (and only if) the grant is awarded. Post award services are equal to 10% of the grant award (plus the cost of travel) per year, and are defined in greater detail in Section C below.  RFP Link: <a href="http://www.cps.ca.gov/about_us_grants.html">http://www.cps.ca.gov/about_us_grants.html</a>
<input type="checkbox"/>	<b>Full Fee Grant Proposal Writing Service</b>  Development of a Grant Proposal for the	\$7,500	Clients who do not want to contract Resource Associates to perform their post award grant services have the option to pay a \$7,500 flat fee for the development of their grant proposal. Please initial here if you desire to pay this grant proposal development fee without being obligated to use the Provider for post award services:  _____  RFP Link:

### B. REDUCED FEE GRANT PROPOSAL WRITING SERVICE DEFINITIONS, DUTIES, AND TERMS

For the Provider's reduced fee grant proposal writing services, the Client agrees to comply with the bulleted items listed below. The Client's failure to do so can prevent the proposal from being submitted to the funder, will compromise the quality of the proposal, and will therefore result in the Client's obligation to pay the Provider the difference between the Provider's full fee of \$7,500 and the reduced fee as defined herein (this will occur if the Client has opted to select the reduced fee grant proposal writing service as marked in the table immediately above). Client's noncompliance with these requirements does not release the Client from its obligation to pay the Provider (or its selected post award services company or evaluator) for post award service fees if the grant is awarded nor does it release the Client from the full terms of this agreement. Client agrees to fully comply with the following bulleted items:

- Client will completely read the RFP of the grant to ensure it is eligible to apply and capable of implementing the grant prior to signing this agreement.
- Client will make its agent or appointee available to work closely with the Provider's and the selected post award services company's staff during the grant writing and post award service period.

*Thank you for allowing us to be of service*

Phone: 661-327-2828 Fax: 661-327-2953 Email: [dofedai@grantwriters.net](mailto:dofedai@grantwriters.net)  
 © 2012 Resource Associates, Confidential Information of Resource Associates  
 Page 1

*Check Enclosed*

## Appendix B

# BIOSPACE

13850 Cerritos Corporate Dr., Unit C  
Cerritos, CA 90703  
Tel: 323-932-6503  
Fax: 323-952-5009  
www.biospaceamerica.com

## OFFICIAL PRICE QUOTE

DATE	PQ #
12/14/2012	TF121512



TO [REDACTED]  
NC Flex VBA  
116 West Jones St.  
Raleigh NC 27603  
[REDACTED]  
919.807.4879

P.O. NUMBER	TERMS	REP	SHIPPING	VIA	F.O.B.	PROJECT
	NET 30	Teresa	Echo	Freight		

QTY	ITEM CODE	DESCRIPTION	UNIT PRICE	AMOUNT
1	InBody230Package GSA Package	Body Composition Analyzer  Includes: - Result Sheets (500) - InBody Tissue (300) - USB memory stick - 1 YR Warranty	\$4,212.60	\$4,212.60
1		<b>OPTIONAL:</b> Compatible Printer and USB	\$200.00	\$200.00
		Sales Tax: 9.75% (for CA only) Shipping Destination: Optional: 1 Year Extended Warranty 2 Year Extended Warranty 3 Year Extended Warranty	    \$588.00 \$1,058.40 \$1,411.20	TAX EXEMPT  Included
<b>TOTAL USD</b>				<b>\$4,412.60</b> (orig. \$5,015.00)

\*For all Price Quotes, Total Price may vary based on ordering date, due to shipping costs.

\*Trade Compliance: The export of any product and software purchased from BIOSPACE, Inc. must be made in accordance with all relevant rules and regulations set forth by BIOSPACE, Inc. BIOSPACE, Inc. is not allowed to export or be associated in any export of product(s) outside of the United States. All buyers may be entitled to fines if sold outside of the United States.

\*Prices may be subject to change, all Price Quotes are valid for 30 days.

# Appendix B



Payment Address:  
**WorldatWork**  
 PO Box 29312  
 Phoenix, AZ 85038-9312  
 Federal ID #:  
 31-6054097 Canadian  
 Tax Id R123636110

## INVOICE

Bill To:

Ship To:

30508482

HR Consultant  
 NC Office of State Personnel  
 116 W Jones St  
 Raleigh, NC 27699-1331

Order No. NM/CR30508482

Date: 01/04/13

Advisor:

Qty	Course/Product/Event Description	Price	TOTAL
1	WorldatWork Membership WorldatWork Premier Membership	\$350.00	\$350.00
1	T113000 Total Rewards Management-FS Charlotte, NC (Apr 15-16, 2013)-Seminar, Course Materials and CBT	\$1,220.00	\$1,220.00
*NOTE: Prepayment is required for confirmation on all orders.			
Payment Details			Subtotal
<input type="checkbox"/> Corporate Card <input type="checkbox"/> Check <input type="checkbox"/> Personal Card <input type="checkbox"/> Wire Transfer <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Amex <input type="checkbox"/> Discover			\$1,570.00
Shipping & Handling			
Canada GST/HST as applicable Tax			
AZ residents add 8.95%. Other <input type="checkbox"/> Tax			
U.S./Intl (USD) TOTAL			\$1,570.00

Name \_\_\_\_\_ Exp. Date \_\_\_\_\_ Billing Zip Code: \_\_\_\_\_  
 Acct. # \_\_\_\_\_  
 Company Name (if using a company card) \_\_\_\_\_  
 Signature \_\_\_\_\_

Payment for products and events will be processed in USD.

\*Prepayment is required on all seminars, courses, memberships, publications, and packages.

Prepayment is also required to be placed on a wait list for a course. This does NOT guarantee a seat in the course.

Funds on a waitlisted course are fully refundable if a seat does not become available.

Course binders are available to be picked up at the event on the first day of instruction.

All course binders, course e-binders, subscription-based products, Job Duty Classification Reporter's books and sale items are non refundable.

**Please include a copy of this invoice with your payment.**

WorldatWork Headquarters  
 14040 N. Northsight Blvd., Scottsdale, AZ 85260  
 Phone: 877/951-9191 Toll-free Fax: 866/816-2962 Online: [www.worldatwork.org](http://www.worldatwork.org)

11-2008

## Appendix B

### NC Public Charter Schools Association

PO Box 78528  
Charlotte, North Carolina 28271

## Invoice

Date	Invoice #
5/22/2014	523

NCOSHR/NCFlex  
[REDACTED]  
116 West Jones St.  
Raleigh, NC 27602

Invoices due upon receipt

704-236-1234

info@ncpubliccharters.org

Students	Description	Amount
	<p>Sponsorships-Conference Thank you for your sponsorship! We are looking forward to working with you! We will see you in Wilmington in July!</p> <p>Charter schools: This is a request for you to join the Association! Please consider what we are doing for you daily by advocating for charter schools, lobbying on your behalf, providing workshops and conferences, and serving your individual school's needs as requested. You need a vocal and consistent voice and when you support us you are supporting your own school!</p> <p>School dues structure 1-300 students (\$750) 301-500 students (\$1,200) 501-700 students (\$1,600) 701-900 students (\$2,100) 901-1100 students (\$2,300) 1101-1300 students (\$2,500) 1301-1500 students (\$2,700) 1501-1700 students (\$2,900) 1701-1900 students (\$3,100) over 1900 students (\$3,300)</p> <p>Thank you for supporting your Association.</p> <p><b>Total</b></p> <p>Charters appreciate their Business Supporters!</p>	<p>2,500.00</p> <p>\$2,500.00</p>

## Appendix B

From: Covington Who's Who info@covingtonwhoswho.com  
Subject: Covington Who's Who Welcome Letter  
Date: July 24, 2013, 9:54 AM  
To: [REDACTED]



7/24/2013

Dear [REDACTED],

Congratulations on your acceptance into the **Honored Members** section of the **Covington Who's Who 2013 Registry**. We are delighted to count you among our Honored Members and acknowledge your accomplishments with special placement in the most exclusive section of this year's Registry with your professional photo, business card, OR company logo placed alongside your profile. As you know, this honor is reserved for members who have demonstrated leadership and achievement in their chosen profession.

In order to create the optimal online biography, we will need you to send us your professional photo, business card, OR company logo in jpeg format (professional photos should be submitted via portrait style, preferably a 5x7 image) with high resolution as soon as possible. The jpeg file must be sent to [registryphoto@covingtonwhoswho.com](mailto:registryphoto@covingtonwhoswho.com) with BIO PHOTO in the subject line. Due to firm publication deadlines, please send us your submission as soon as possible. Any delay could result in a biography being printed without an image.

Again, we congratulate you on this prestigious honor. On behalf of the Covington Who's Who staff we wish you continued success!

\*Note: If you are unable to send an electronic version of your photo, business card, or logo, please send the image you would like used in your biography to the address below.

All mail should be directed to:  
Covington Who's Who Registry: Biography Photo  
4601 Sheridan Street, Suite 500  
Hollywood, Florida 33021

Paid Membership and  
Newly Promotion Ad  
\$1228.95  
[REDACTED] by mail

# Appendix B

Payment Due Date    New Balance    Past Due Amount    Minimum Payment

08/28/13

\$0.00

\$

Make your check payable to:  
Chase Card Services.  
Please write amount enclosed.  
New address or e-mail? Print on back.

65487 BEX 9 21813 C

NCFLEX CONSULTING

RALEIGH NC 27607-6484

CARDMEMBER SERVICE  
PO BOX 15153  
WILMINGTON DE 19886-5153



Manage your account online:  
[www.chase.com/ink](http://www.chase.com/ink)

Customer Service  
1-800-945-2028

Additional contact  
information on back →

## ACCOUNT SUMMARY

## PAYMENT INFORMATION

07/23

COVINGTON 9548930114 HOLLYWOOD FL

228 95

0-000.

150-00 +  
25-00 +  
25-00 +  
3-00 +

0004

203-00 \*

203-00 +  
10-00 +

0002

213-00 \*

3/3/13  
Guthrie

# Memo

**To:** [REDACTED]  
**From:** [REDACTED]  
**cc:** N/A  
**Date:** July 15, 2014  
**Re:** VBA Business Cards

[REDACTED]

We are working on building a treasury for the Association. In the interim, the VBA has covered \$25 of the cost for your VBA cards. The next order we should be able to cover 100%. I laid out the balance of the \$79.75.

Therefore, when you have a moment, please send me a check payable to [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

200 Foiled 2-sided Business Cards:	\$95.00
\$25 Covered by VBA:	(\$25.00)
Tax:	\$5.70
Shipping:	\$4.05
Total Due:	\$79.75

Any questions, please let me know.

Accounting Date Range: From 01-01-1991 To 12-31-2013  
Property: 37-0007424 7424 Chapel Hill

Accounting Date	Charge Date	Charge Desc	Debit	Credit	Check #	Unit	Beginning Balance As of 9/30/12	Charge	Ending Balance As of 12/31/13	Apply Refund Credit	Apply Forfeiture/Lease	Ending Balance As of 12/31/13
Tenant: 37-0054 [REDACTED] /WESP Corporation Unit: 100												
Lease: 37-7424-100-02 Revision: 0												
01-01-2013	01-01-2013	RENT										
01-22-2013	01-22-2013	DCP										
01-23-2013	01-23-2013	RENT			1349			177.41				
02-01-2013	02-01-2013	RENT			1350			500.00				
03-01-2013	03-01-2013	RENT			1351			500.00				
04-01-2013	04-01-2013	RENT						500.00				
05-01-2013	05-01-2013	RENT						500.00				
06-01-2013	06-01-2013	RENT						500.00				
07-01-2013	07-01-2013	RENT						500.00				
08-01-2013	08-01-2013	RENT						500.00				
09-01-2013	09-01-2013	RENT						500.00				
10-01-2013	10-01-2013	RENT						500.00				
11-01-2013	11-01-2013	RENT						500.00				
12-01-2013	12-01-2013	RENT						500.00				
12-05-2013	12-05-2013	RENT			1377			500.00				
Check 1377 - Returned												
Unit 100 Totals:												
Lease 37-7424-100-02 Totals:								5,477.41				500.00
Tenant 37-0054 Totals:								5,477.41				500.00
Property 37-0007424 Totals:								5,477.41				500.00

11/26/11

Lease 37-7424-100-02

Phone (919) 851-6673  
Fax (919) 851-2905  
www.tarheelcos.com

7424 Chapel Hill Road  
Raleigh, North Carolina 27667

Leasing Consultant





# Appendix B

118 SALTER PATH RD  
PINE KNOLL SHORES, NC 28512  
TELEPHONE 252-247-5118 • FAX 252-247-5705



Official Hotel Partner

BALTIMORE MD 21217  
UNITED STATES OF AMERICA

name  
address

room number: 311/NDJZG  
arrival date: 8/30/2014 7:48:00 PM  
departure date: 9/2/2014  
adult/child: 2/0  
room rate: 156.37

If the debit/credit card you are using for check-in is attached to a bank or checking account, a hold will be placed on the account for the full anticipated dollar amount to be owed to the hotel including estimated incidentals, through your date of check-out and such funds will not be released for 72 business hours from the date of check-out or longer at the discretion of your financial institution.

Rate Plan: T2W  
HH #: [REDACTED]  
AL: [REDACTED]  
Car: [REDACTED]

Confirmation Number: 80448507

9/2/2014 Page: 1

Rates subject to applicable sales, occupancy, or other taxes. Please do not leave any money or items of value unattended in your room. A safety deposit box available for you in the lobby. I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges. In the event of an emergency, I or someone in my party, require special evacuation due to a physical disability. Please indicate yes by checking here ☐

signature:

date	reference	description	amount
8/30/2014	306128	Advance Deposit MC *5760	(\$440.37)
8/30/2014	306256	GUEST ROOM	\$156.37
8/30/2014	306256	RM-OCCUPANCY TAX	\$9.38
8/30/2014	306256	RM-STATE TAX	\$10.55
8/31/2014	306456	GUEST ROOM	\$134.95
8/31/2014	306456	RM-OCCUPANCY TAX	\$8.10
8/31/2014	306456	RM-STATE TAX	\$9.11
9/1/2014	306634	GUEST ROOM	\$99.25
9/1/2014	306634	RM-OCCUPANCY TAX	\$5.96
9/1/2014	306634	RM-STATE TAX	\$6.70
		WILL BE SETTLED TO MC*5760	\$0.00
		EFFECTIVE BALANCE OF	\$0.00

Hilton HHonors(R) stays are posted within 72 hours of checkout. To check your earnings or book your next stay at more than 3,900 hotels and resorts in 91 countries, please visit HHonors.com.

Hampton hotels are all over the world. Find us in Canada, Costa Rica, Ecuador, Germany, India, Mexico, Poland, Turkey, United Kingdom, and United States of America. Coming soon in Italy and Romania.

for reservations call 1.800.hampton or visit us online at hampton.com

thanks.

account no	date of charge	folio/check no
card member name	authorization	112959 A initial
establishment no. and location	purchases & services	
	taxes	
	tips & misc	
signature of card member X	total amount	



## Appendix B

### Guest Folio

One Financial Center  
20th Floor  
Boston, Massachusetts 02111

Arrival date : 03/22/14  
Departure date: 03/24/14  
No. of Nights : 2  
Room number : W0554  
Account number: 46G1RF

Date	Description	Amount
03/22/14	Room Service Lu##-429497	73.25
03/22/14	Room Service Di##-429508	22.94
03/22/14	Empress Lounge ##-314353	10.80
03/22/14	In-house Laundry##-46571	126.90
03/22/14	2014 Benefits Symposium	340.00
03/22/14	Room Sales Tax	49.30
03/23/14	Room Service Br##-429552	16.07
03/23/14	Muze Breakfast ##-239267	100.20
03/23/14	Empress Lounge ##-345340	26.20
03/23/14	Empress Lounge ##-314376	5.40
03/23/14	Room Service Di##-429582	21.65
03/23/14	Room Service Di##-429606	35.13
03/24/14	Muze Breakfast ##-239317	65.50
03/24/14	XXXX7383	-893.34

=====

ZERO BALANCE --- THANK YOU!

Signature

*I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company, or association fails to pay for any part or the full amount of these charges.*

Mandarin Oriental, Washington D.C., 1330 Maryland Avenue S.W., Washington, D.C. 20024, USA

Telephone +1 (202) 554-8588, Facsimile +1 (202) 554-8999

Email: group-mowas-frontdesk@mohg.com Website: www.mandarinoriental.com/washington Twitter: @MO\_WashingtonDC

Page 1

Attention: All orders placed will be shipped out the next business day..

Bill To: [REDACTED]  
NCFlex [REDACTED]  
Raleigh, NC 27607  
United States  
(919) 523-8030  
[REDACTED]@gmail.com

SKU:	Product	Quantity	Price	Ext. Price
	<div></div> <div>Fremont, CA 94538</div> <div>United States</div>			

ASSORTED FILLO BAKLAWA				
10223001	MIXES-Assorted Fillo Baklava Mix	1	\$24.95	\$24.95
	#2			

ASSORTED FILLO BAKLAWA				
10223001	MIXES-Assorted Fillo Baklava Mix	1	\$24.95	\$24.95
	#2			

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## Appendix B

Shipping Method: Standard 2 to 5 Business Days

ASSORTED FILLO BAKLAWA  
10223001 MIXES-Assorted Fillo Baklawa Mix 1 \$24.95 \$24.95  
#2

Order Notes/Greeting Message:

Congratulations on the wonderful news. We wish you both all the best and  
await the arrival of the little one eagerly. Love, [REDACTED]  
[REDACTED]

SubTotal: \$74.85

Shipping: \$26.58

Tax: \$0.00

Total: \$101.43

Shatila.com & Shatila Food Products are Not Associated or Affiliated with any other  
Family Businesses.

## Appendix B

From: [REDACTED]@nc.gov  
Subject: Fwd: Your order from Harry & David: order#1012999851  
Date: December 24, 2013, 7:21 PM  
To: [REDACTED]@gmail.com

Sent from my Verizon Wireless 4G LTE Smartphone.

----- Original message -----

To be sure our mail reaches your inbox, please add [HarryandDavid@r.harryanddavid.com](mailto:HarryandDavid@r.harryanddavid.com) to your address book.

*Harry & David*

Shop [HarryandDavid.com](http://HarryandDavid.com) ▶

# Thank you so much.

We know you're excited about your order. So are we. Email or call us anytime at 1-877-322-1200.  
View the status of your order to see exactly where your purchase is and when you can expect it to arrive.

Let them know your gift is on the way with our free Gift e-Nouncement® service.

### ORDER SUMMARY

[REDACTED]  
[REDACTED]  
RALEIGH, NC 27607  
UNITED STATES

EMAIL: [REDACTED]@nc.gov

PHONE: [REDACTED]

ORDER DATE: 12-24-2013

PAYMENT METHOD: MasterCard ....7383 - \$29.90

ORDER TOTAL: \$29.90

ORDER NUMBER: 1012999851

### SHIP TO:

[REDACTED]  
[REDACTED]  
FREMONT, CA 94538  
UNITED STATES

ITEM #	DESCRIPTION	ESTIMATED ARRIVAL	PRICE	QTY	TOTAL
W-26559X	Holiday Gift Tower	01-02-2014	<del>\$39.95</del> \$19.95	1	\$19.95

### Complimentary Message:

Happy First Wedding  
Anniversary

From: [REDACTED]

CI: MDEMESA 11/02/13 7:18 PM

CO:

# Appendix B



Arrival Date: 11/02/13

Departure Date: 11/07/13

3570 Las Vegas Blvd. South Las Vegas, NV 89109

FOR RESERVATIONS CALL 1-800-634-6661

702-731-7110

Name: [REDACTED]  
SPEAKER

Address: [REDACTED]

RALEIGH NC 27607

Group Code: SCWMT3B

Casino ID:

Resv ID: 415214222018

Room #: PT 1806

Folio ID: 415795039769

Page: 1

Date	Reference	Description	Charges	Credits	Balance
11/02/13	5051022	MOVIE REVENUE 1806 00:02 PPVV 3296	12.99		12.99
11/02/13		ROOM SERVICE MINI BAR 21806 220755 AQUAFINA	6.49		19.48
11/02/13	5050050	MOVIE REVENUE 1806 23:51 PPVAL 3299	18.99		38.47
11/03/13	3501505	PAYARD-PASTRY COUNTER	8.11		46.58
11/03/13		PAYARD-PASTRY COUNTER TIP	1.00		47.58
11/03/13	091325	00001 LOCAL CALLS 18667820655 11:04 006 2	1.50		49.08
11/03/13	3501753	PAYARD-PASTRY COUNTER	11.62		60.70
11/03/13		PAYARD-PASTRY COUNTER TIP	1.00		61.70
11/03/13	1956	QUA SPA & SALON *SS*	280.00		341.70
11/03/13	2025	QUA SPA & SALON *SS*			341.70
11/03/13		QUA SPA & SALON *SS*	50.00		391.70
11/03/13	2487155	SERENDIPITY 3 LAS VEGAS	25.94		417.64
11/03/13		SERENDIPITY 3 LAS VEGAS T	2.00		419.64
11/03/13		ROOM SERVICE MINI BAR 21806 211729 AQUAFINA	6.49		426.13
11/04/13	3514896	PAYARD-PASTRY COUNTER	8.11		434.24
11/04/13		PAYARD-PASTRY COUNTER TIP	1.00		435.24
11/04/13	3459660	PAYARD-RETAIL	4.05		439.29
11/04/13	3764890	SERENDIPITY 3 LAS VEGAS	100.53		539.82
11/04/13		SERENDIPITY 3 LAS VEGAS T	10.00		549.82
11/04/13		ROOM SERVICE MINI BAR 21806 162633 AQUAFINA	6.49		556.31
11/04/13	1296949	IN ROOM DINING	40.59		596.90
11/04/13		IN ROOM DINING TIPS	9.76		606.66

Thank You for Staying at Caesars Palace

CI: MDEMESA 11/02/13 7:18 PM  
CO:

## Appendix B

**CAESARS PALACE**  
LAS VEGAS

Arrival Date: 11/02/13  
Departure Date: 11/07/13

3570 Las Vegas Blvd. South Las Vegas, NV 89109  
FOR RESERVATIONS CALL 1-800-634-6661  
702-731-7110

Name: [REDACTED]  
SPEAKER

Address: [REDACTED]  
RALEIGH NC 27607

Group Code: SCWMT3B

Casino ID:  
Room #: PT 1806

Resv ID: 415214222018  
Folio ID: 415795039769

Page: 2

Date	Reference	Description	Charges	Credits	Balance
11/05/13	3515369	PAYARD-PASTRY COUNTER	9.73		616.39
11/05/13		PAYARD-PASTRY COUNTER TIP	1.00		617.39
11/05/13	2540	QUA SPA & SALON *SS*	360.00		977.39
11/05/13	2610	QUA SPA & SALON *SS*			977.39
11/05/13		QUA SPA & SALON *SS*	30.00		1007.39
11/05/13	2711	QUA SPA & SALON *SS*			1007.39
11/05/13		QUA SPA & SALON *SS*	40.00		1047.39
11/05/13		ROOM SERVICE MINI BAR	6.49		1053.88
		21806 153808 AQUAFINA			
11/05/13	1284830	IN ROOM DINING	39.51		1093.39
11/05/13		IN ROOM DINING TIPS	10.58		1103.97
11/05/13	6366934	MOVIE REVENUE	12.99		1116.96
		1806 21:15 PPVV 3317			
11/05/13		ROOM SERVICE MINI BAR		6.49	1110.47
		21806 212448 AQUAFINA			
11/06/13	PT 1806	ROOM CHARGE PT 1806	199.00		
		TAX	23.88		1333.35
11/06/13	3516067	PAYARD-PASTRY COUNTER	8.38		1341.73
11/06/13		PAYARD-PASTRY COUNTER TIP	1.00		1342.73
11/06/13	9742	LOBBY ESSENTIALS STORE	54.05		1396.78
		PT1806TA XP:CLV5567396			
11/06/13	1297120	IN ROOM DINING	40.59		1437.37
11/06/13		IN ROOM DINING TIPS	9.76		1447.13
11/07/13	3516138	PAYARD-PASTRY COUNTER	8.11		1455.24
11/07/13		PAYARD-PASTRY COUNTER TIP	1.00		1456.24
11/07/13		FRONT DESK MASTERCARD		1456.24	
		*****7383			
					.00

Thank You for Staying at Caesars Palace

# Appendix B



<div> <div></div> <div></div> <div>RALEIGH, NC 27607</div> </div>	Room Number	Reservation Number		
	7067	RES1328988		
	Arrival Date	Departure Date		
	September 11, 2013	September 14, 2013		
	Group	# In Room	Printed	Page
		2/0/0/0	09/14/13 11:58:44 AM	1

Date	Description	Charges	Payments
09/10/13	DEPOSIT/MC		268.57
09/11/13	AARP Rate	251.00	
	Occupancy Tax	10.04	
	Sales Tax	17.57	
09/11/13	Resort Leisure Charge	25.00	
	Occupancy Tax	1.00	
	Sales Tax	1.75	
09/11/13	Valet Night Parking	22.00	
09/11/13	Social Room Upgrade	55.50	
	Occupancy Tax	2.00	
	Sales Tax	3.50	
09/11/13	Sunset Terrace :#1030020709	75.71	
09/11/13	Marketplace :#1490002402	2.03	
09/11/13	Marketplace :#1490002403	2.41	
09/12/13	Lodgenet Revenue PayTv Code	18.18	
09/12/13	AARP Rate	251.00	
	Occupancy Tax	10.04	
	Sales Tax	17.57	
09/12/13	Resort Leisure Charge	25.00	
	Occupancy Tax	1.00	
	Sales Tax	1.75	
09/12/13	Valet Night Parking	22.00	
09/12/13	Social Room Upgrade	55.50	
	Occupancy Tax	2.00	
	Sales Tax	3.50	
09/12/13	In Room Dining :#0280029468	56.60	
09/12/13	In Room Dining :#0280029475	20.52	
09/12/13	Spa Cafe :#0890020666	30.68	
09/13/13	Nr.# 19196233771/Time: 6:12:20 PM/Dur.:1	3.00	
09/13/13	AARP Rate	251.00	
	Occupancy Tax	10.04	
	Sales Tax	17.57	
09/13/13	Resort Leisure Charge	25.00	
	Occupancy Tax	1.00	

# Appendix B



**The Grove Park Inn®**  
RESORT & SPA

<div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> RALEIGH, NC 27607	Room Number	Reservation Number		
	7067	RES1328988		
	Arrival Date	Departure Date		
	September 11, 2013	September 14, 2013		
	Group	#in Room	Printed	Page
		2/0/0/0	09/14/13 11:58:44 AM	2
Date	Description	Charges		Payments

	Sales Tax	1.75		
09/13/13	Valet Night Parking	22.00		
09/13/13	Social Room Upgrade	55.50		
	Occupancy Tax	2.00		
	Sales Tax	3.50		
09/13/13	Retail :#0050036566	342.00		
09/13/13	Marketplace :#0080020988	74.47		
09/14/13	Retail :#0030037761	156.00		
09/14/13	Payment: **** * 7383			1,664.61

## Auditor Note:

this invoice was submitted twice and the  
9/13/13 charge was not black out and  
state spa.

## Sub Totals

PAID IN FULL --- THANK YOU!

1,933.18	1,933.18
----------	----------

## Appendix B



Nov 4, 2013 at 5:56pm

Receipt #p5BV

Custom Amount	\$249.99
Las Vegas	\$20.25
<b>Total</b>	<b>\$270.24</b>

Find amazing items from businesses like  
Feel Good, Inc. on **Square Market**

Shop Online

## Appendix B

# THE GRANTSMANSHIP CENTER.

P.O. Box 17220  
Los Angeles, CA 90017  
Phone: 213.482.9860 Fax: 213.482.9863  
alumni@tgci.com  
www.tgcialumni.com

## INVOICE

Please include a copy of this with your payment and mail to:

The Grantsmanship Center  
Accounts Payable  
P.O. Box 17220  
Los Angeles, CA 90017

Phone: 213.482.9860 Fax: 213.482.9863  
Email: alumni@tgci.com  
Web site: www.tgcialumni.com

August 6, 2012

### Consulting Invoice

Contracting Agency: North Carolina NC Flex Program  
Agency Contact: [REDACTED]

Description	Amount
Grantsmanship Consulting Work: Grant Proposal Review (1.5 hours @ \$200/hour)	\$300.00
<b>Balance Owed</b>	<b>\$300.00</b>

### Note:

We also accept Visa, Mastercard, Discover and American Express. To pay by credit card, please call our offices at: 1-800-421-9512 and ask for Roger Stephenson.





**THANK YOU!**

## Appendix B

***Zocklein & Associates***

**INVOICE**

**Program Development Consultants  
Serving Non-Profit Organizations  
P.O.Box 171, Buckner, KY 40010  
1-800-371-5703**

<b>SERVICE FOR:</b>	<b>BILL TO:</b>
  raleigh, NC, 27607	  raleigh,NC,27607

**Order Date: Jan 03, 2013  
Invoice #: 253**

**Product Details**

<b>Qty</b>	<b>Product Name</b>	<b>Amount</b>
1	Form A 501(c)(3) Nonprofit Organization	\$100.00
	<b>Product Total</b>	<b>\$100.00</b>
	<b>Paid Amount</b>	<b>\$100.00</b>
	<b>Balance Amount</b>	<b>\$0.00</b>
		<b>TOTAL PAID</b>

## **Appendix B**

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May 24, 2016

Barbara Baldwin, CIA, CPA, CICA  
 Director of Internal Audit  
 Office of State Budget and Management  
 116 W Jones Street  
 Raleigh, NC 27699

Dear Barbara:

Thank you for the opportunity to review the Internal Auditor's Report on the investigation of allegations concerning the North Carolina Flex Benefits Program's Communication Fund. This Report provided comprehensive information as to the activities occurring within the Communication Fund and our agency is appreciative of the hard work of you and your staff.

Our agency concurs with the report's conclusion that adequate internal controls should be established to ensure that monies within the Communication Fund are spent for its intended purposes. Unfortunately, the prior controls were ineffective and did not sufficiently prevent fraudulent, wasteful, and abusive spending by the prior Program Manager and some NCFlex employees.

As you are aware, when the current Office of State Human Resources(OSHR) Senior Management requested a report on the Communication Fund from P&A on June 1, 2015 and discovered "unusual" activity within the fund, it was immediately reported to the State Bureau of Investigation(SBI) and we engaged the services of your office. Since August 2015, our office has made significant improvements to our internal controls to ensure that the Communication Fund is properly utilized for the intended purposes of promoting, marketing and communicating opportunities related to the North Carolina Flex Benefits Program.

The Report detailed a number of recommendations that have been addressed along with the necessary internal controls and procedures described below:

Recommendation	Action
Seek restitution from the prior Program Manager for the amount misappropriated	OSHR is working closely with the SBI by providing information that will be utilized to seek restitution.
Transfer all Communication Fund under the custody of P&A and deposit with the State Treasurer Office	The Communication Fund was transferred to the State Treasurer in three checks; the 1 <sup>st</sup> check was sent on September 8, 2015; the 2 <sup>nd</sup> check was sent on December 30, 2015 and the 3 <sup>rd</sup> final check was sent on January 25, 2016.
Establish a non-reverting fund code for the Communication Fund monies	The non-reverting fund code was established on August 27, 2015.
Implement internal controls, including but not limited to: written policies and procedures surrounding the use of Communication Fund; and appropriate review and approval of Communication Fund prior to spending	Current OSHR Senior Management established internal procedures for the Communication Fund. The procedures include three levels of approval; requests for utilization of the fund are reviewed, approved and/or denied within two levels of



## Appendix C

	OSHR Senior Management. Approved expenditures are sent to DOA-Fiscal for payment which serves as the third level of approval. Documentation is maintained electronically for all expenditures approved for payment out of the Communication Fund
Educate employees on the Communication Fund policies and procedures	OSHR provided training on December 17, 2015 for employees responsible for the Communication Fund. On-going training as well as training for new employees will be held on a regular basis.
Develop a written policy and a method for employees to report suspected fraud, waste, and abuse	At an all-staff meeting on April 20, 2016 information was shared with employees on how to report allegations of wrongdoing; additionally, a link was added to our website with this information.
Seek restitution from Employee 1 and Employee 2 for the amount misappropriated	OSHR has written a letter to Employee 1 seeking re-payment of funds that were identified as misappropriated. A letter will be sent to Employee 2 seeking re-payment of funds that were identified as misappropriated.
Take appropriate disciplinary action against Employee 1	Appropriate disciplinary action has been taken against Employee 1 and the OHSR has provided a letter to Employee 1 detailing the action taken by the agency.
We recommend N.C. OSHR require Employee 1 to pay back \$86.30 for the duplicate travel voucher.	OSHR has written a letter to Employee 1 seeking re-payment of the duplicate travel voucher.
Seek restitution from Vendors for questionable amounts paid on behalf of Vendor	OSHR will be sending a letter along with documentation seeking re-payment of amounts paid behalf of the Vendors.
Train employees on requirements in the State Budget Manual on use of State Funds for meetings, retirements, and vendor expenses.	Information was provided to employees on December 17, 2015 responsible for the Communication fund. On a regular basis, information is shared with managers and division directors who are responsible for requesting State Funds as to the requirements for utilization of funds. At the all-staff meeting on June 15, 2016, information will be shared with all staff regarding the use of State Funds for meetings and retirements.
Execute agreements for all outside services provided by Vendors in conformance with State and internal requirements	On March 15, 2016 a complete review of the contract with P&A was reviewed and OSHR Senior Management confirmed with P&A on April 8, 2016 that only the tasks listed in the executed agreement should be performed and no services outside of the scope of the agreement should be performed.
Cease purchasing gift cards for food purchase and give-away at conferences, trainings, and benefit fairs	Gift cards are no longer being purchased.
Develop a tracking system for all remaining gift cards and usage of cards	OSHR Senior Management established internal procedures for the gift cards. An inventory sheet was created to account for all cards. The remaining gift cards will be used in accordance with State Budget Manual policies.
Educate N.C. OSHR employees on ethics and Governor Perdue's Executive Order 24 and the	As a part of our business model, all employees are required to acknowledge and sign an agreement to abide by Executive Order 24. At our

## Appendix C

use of State Funds as specified in the State Budget Manual	all-staff meeting on May 18, 2016, employees were informed that at our next all-staff meeting on June 15, 2016 information will be shared with all employees regarding ethics and conformity under Executive Order 24.
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OSHR has also taken action in addition to the recommendations in the report. We stopped requiring the vendors to fund the Communication Fund and in September 2015, OSHR Senior Management communicated to all NC Flex vendors that they were not required to submit funding for 2016. Additionally, we do not plan on requiring vendors to provide funding for the Communication Fund in future years. The current balance in the Communication Fund will help with communication and educational needs until the fund is depleted and then OSHR will utilize the NC Flex Operations fund for this function.

In summary, our agency is committed to being a good steward of State Funds and have taken measures to ensure the proper management oversight and controls are in place for the Communication Fund while promoting the opportunities related to the North Carolina Flex Benefits program. Again, I appreciate the opportunity to review and comment on your report.

Sincerely,



C. Neal Alexander, State Human Resources Director  
Office of State Human Resources