



*A Constitutional Office of the
State of North Carolina*



Dave Boliek
State Auditor

State Auditor's Office: Introduction and Overview

December 9, 2025

About the Office

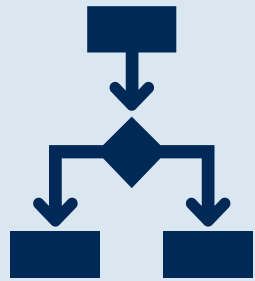


What does the State Auditor's Office do?

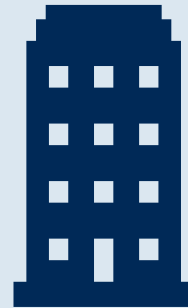
We are your fiscal watchdog. We audit more than \$100 billion in state assets and liabilities each year, bringing transparency to local, state, and federal government. Our reports and findings include recommendations that result in good government reforms. OSA thoroughly investigates alleged cases of fraud, waste, and abuse of taxpayer dollars, working with law enforcement on prosecution when warranted.



About the Office



New Divisions:
Created a brand-new
Rapid Response
Division and revitalized
the Investigative
Division.



**Opening a new office in
Charlotte.** Currently have
offices in Raleigh,
Wilmington, Greenville,
Kernersville, and Asheville.

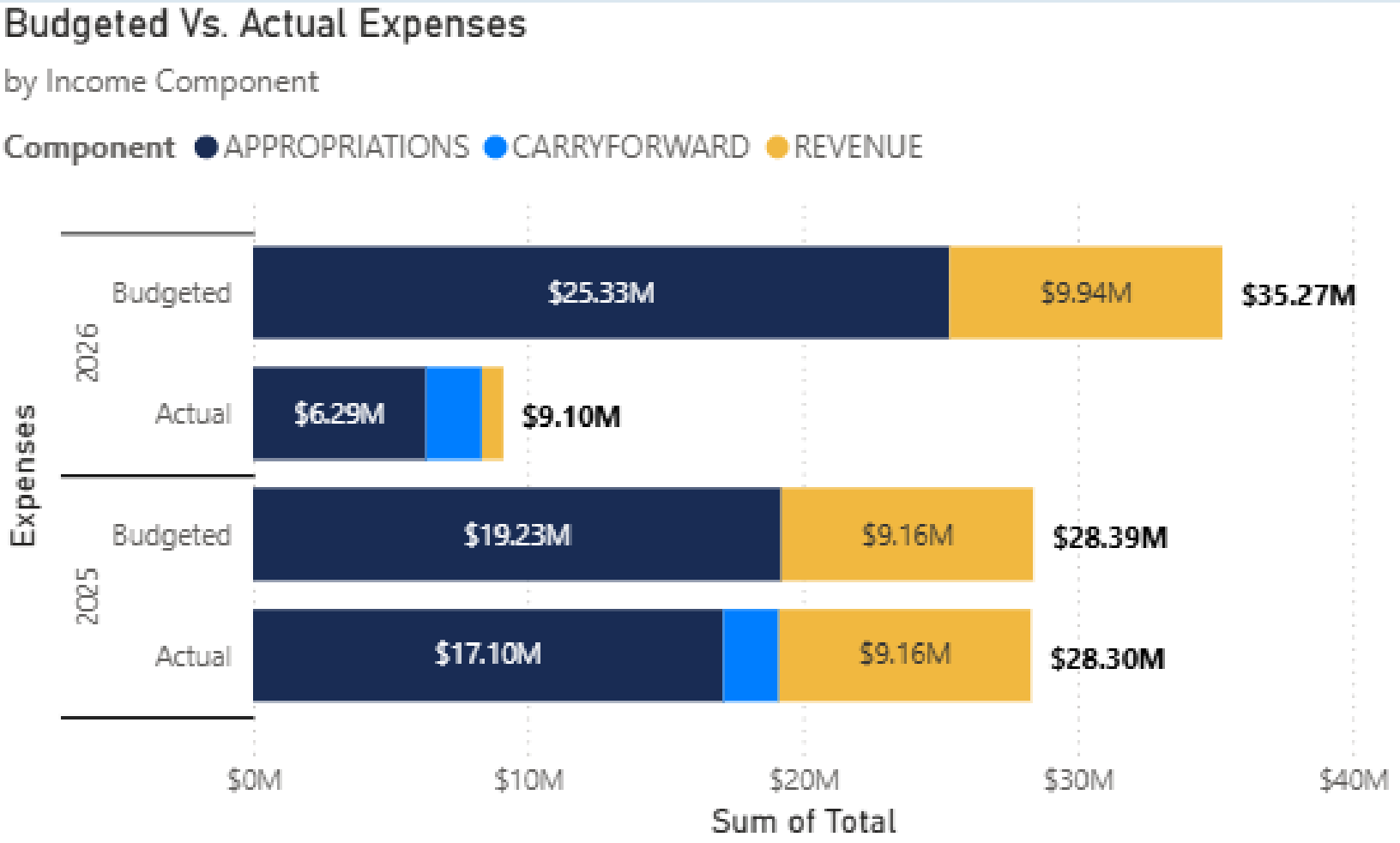


Headcount: 161 as of
Dec. 2025 (up from 128
in Dec. 2024)

About the Office



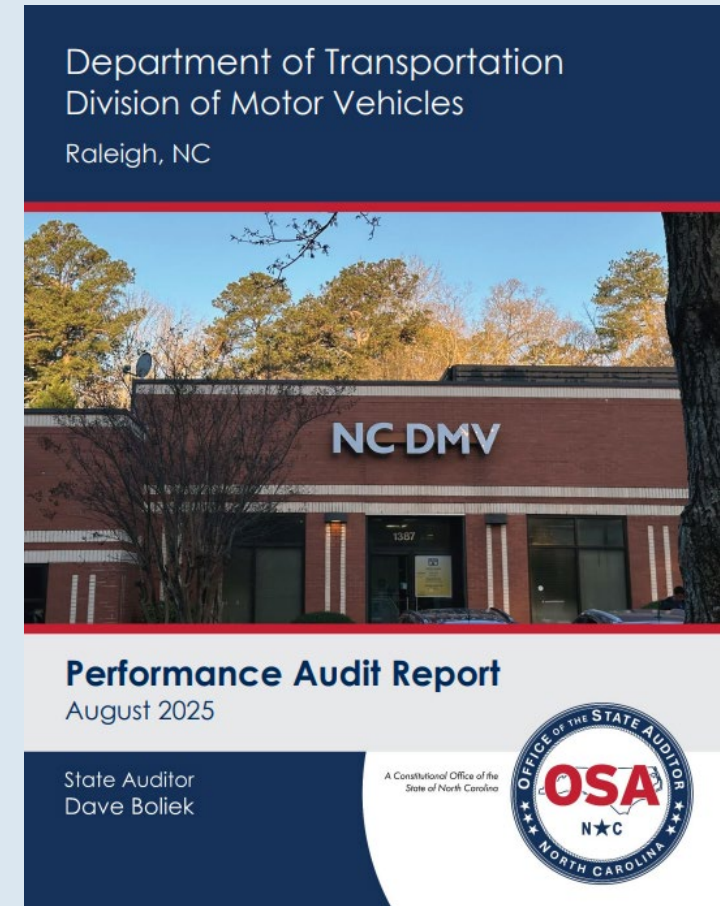
BUDGET



Audits & Reports



- At least **74** reports issued so far this year.
- **Highlight Audit: DMV**
 - “DMV generates 30% of DOT’s overall revenue, but accounts for only 2.8% of DOT’s expenditures.”
 - “Of the 45 performance milestones in the DOT strategic plan for the 2023-2025 biennium, only two directly pertained to DMV operations.”
 - “In Harnett County, there is only one examiner serving over 56,000 residents.”




Audits & Reports



- **Highlight Report: WS/FCS**

- “WS/FCS used COVID-era temporary federal funding to support staff salaries, but once the federal funds dried up, WS/FCS did not remove positions and instead absorbed the costs.”
- “WS/FCS misused suspense accounts meant to hold transactions until proper classification. As of June 5, 2025, the total balance under all the suspense accounts was more than \$332 million.”
- “WS/FCS manually overrode the budget 311 times to approve purchase orders.”



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RAPID RESPONSE SPECIAL REPORT

North Carolina
Office of the State Auditor
Rapid Response Division
1-800-730-TIPS

August 14, 2025

Winston-Salem/Forsyth County Schools

WHY WE CONDUCTED THIS REPORT

The Office of the State Auditor (OSA) initiated a review into the financial standing of Winston-Salem/Forsyth County Schools (WS/FCS or the District) based on concerns reported to the State Auditor's Tipline. As of July 29, 2025, WS/FCS reported an estimated \$46 million budget deficit for FY 2025.¹

OBJECTIVE

The objective of this review was to determine the factors that contributed to the District's FY 2025 deficit.

WHAT WE FOUND

OSA found that WS/FCS is running a deficit because:

1. The District failed to adjust its full-time equivalent (FTE) staffing despite a decrease in its student population;
2. The District used temporary COVID-era funds to pay staff salaries and did not remove positions when the temporary aid ended;
3. The District regularly approved purchase orders that exceeded its account budgets and did not later revise these budgets;
4. The District did not reconcile budgeted and actual revenue and expenditures in a timely manner. As a result, no corrective action was taken when there was a material difference in budgeted and actual revenue and expenditures during the fiscal period;
5. The District did not reassess COVID-era bonus payments to ensure alignment with current financial conditions and fund availability;
6. The District inappropriately uses suspense accounts—temporary holding accounts intended for transactions that could not be immediately classified—as fund equity or fund balance accounts across multiple funds; and
7. The District did not adequately consider its contracts when creating its budget.

Beyond these findings, OSA assessed that the WS/FCS Financial Services Department's failure to correct prior audit findings has contributed to poor accounting procedures, budgetary practices, and the FY 2025 budget shortfall.

FINDING 1 DETAILS & RECOMMENDATION

The District failed to adjust its full-time equivalent (FTE) staffing despite a decrease in its student population.

¹ <https://www.wfsc.k12.nc.us/article/2324128>. A budget deficit occurs when expenditures exceed appropriated revenue or available financial resources during a given fiscal period.

NOTE: OSA maintains strict confidentiality when handling personally identifiable and other sensitive information in accordance with State and federal law. OSA takes all necessary precautions to ensure that sensitive information is not compromised or improperly shared. This special report is based on the limited information available to OSA during our investigation and is not exhaustive. This report does not constitute an audit or attestation engagement conducted in accordance with generally accepted government auditing standards.

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Polling Question



Recognition and Outreach



New awards created to recognize individuals and government entities that hit service and audit criteria.



Cardinal Award: Recognizes those who advance government transparency, improve efficiency, and safeguard taxpayer dollars.

State Auditor's Award of Excellence: Recognized state entities that distinguish themselves from others by meeting strict eligibility criteria developed by OSA for financial statement and federal compliance audits.

Recognition and Outreach



- **Reaching Students:**
 - Regularly speak to university business classes.
 - Hired full-time recruiter to coordinate with universities and job fairs to help build staff pipeline.



Collaboration



OSA works with the North Carolina Office of the State Controller on the ***North Carolina Annual Comprehensive Financial Report.***

- OSA work includes completing an annual financial audit of the State financial reporting entities.
- OSA makes adjustments as needed to ensure a clean opinion can be issued.



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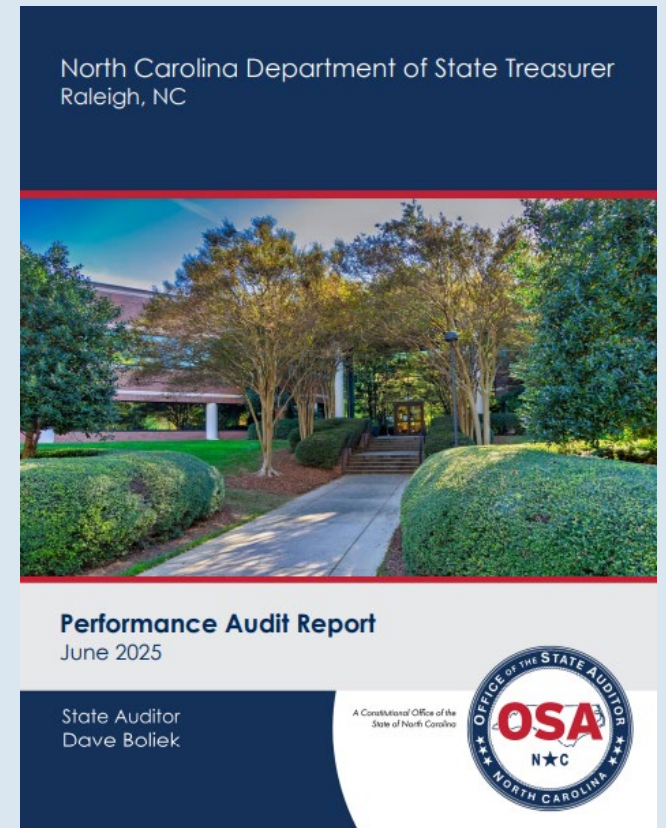
STATE OF NORTH CAROLINA
OFFICE OF THE STATE CONTROLLER

Collaboration



OSA worked with the State Treasurer's Office to provide an independent examination of the financial forecasting of the State Health Plan.

- “Actuarial projections from 2024, which were used for financial forecasting by the State Treasurer’s Office, showed net losses for the State Health Plan of \$199 million, \$507 million, and \$862 million for 2025 through 2027.”
- “OSA conducted a performance audit which confirmed the projections were done in accordance with Actuarial Standards Board practices and were reasonable and accurate.”



Polling Question



Year Ahead



Financial Statement Audits – Roughly 25 audits on community colleges

Statewide Single Audit

Performance Audits

Division of Accountability, Value, and Efficiency reports

WS/FCS follow-up

...and much more!

