



**Beth A. Wood, CPA**  
State Auditor

STATE OF NORTH CAROLINA  
**Office of the State Auditor**

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June 19, 2019

Board of Trustees, Rockingham Community College  
Board of Directors, Rockingham Community College Foundation, Inc.  
North Carolina Community College System Office

Ladies and Gentlemen:

The Office of the State Auditor has completed an inquiry into an allegation concerning Rockingham Community College. This document serves to provide our results, along with recommendations for corrective action. We greatly appreciate the cooperation received from the management and employees of Rockingham Community College (College) and of Rockingham Community College Foundation, Inc. (Foundation).

### **Finding**

The Office of the State Auditor received a complaint alleging the improper use of the Foundation's identifying information in securing grant monies and direct payments. It is our finding that the College did utilize the Foundation's identifying information including, at minimum, the Foundation's entity name and DUNS number.<sup>1</sup>

For decades (since at least 1995), the College has been receiving education-related funds associated with the Foundation's DUNS number. Key College personnel<sup>2</sup> stated that they were unaware of the DUNS discrepancy until July 2017, and believed that the situation was not improper due to the relationship between the College and Foundation and the Foundation's purpose to support the mission of the College. Until recently, the College has been renewing the Foundation's registration in the federal System for Award Management, which maintains information on entities doing business with the U.S. Government.

When the Foundation requested that this issue be resolved, the College delayed taking action. According to college management, once they were confident that current fund drawdowns would not be affected, they corrected issues involving DUNS numbers and federal award management registrations, specifically as they apply to future fund applications and awards.

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<sup>1</sup> The Data Universal Numbering System number is a unique nine-digit number that Dun & Bradstreet issues and is used to create a company's business credit file. This number is required in order for businesses and organizations to register with the U.S. Federal Government for contracts or grants.

<sup>2</sup> Refers to the President of the College and the Vice President for Administrative Services.

## **Supporting Information**

Since 2008, the College received over \$39 million in education-related funds associated with the Foundation's identifying information. USAspending.gov<sup>3</sup>, a government source for data on federal awards, lists the Foundation as the recipient of the aforementioned \$39 million.

In December 2017, the Foundation Executive Director first became aware of the College's use of the Foundation's identifying information while the College was seeking approval for a grant. The College President initially signed the grant documentation, which was returned due to the President's name not aligning with the Foundation's identifying information on the grant. Subsequently, the Executive Director was asked by the College to sign the grant documentation. After seeking advice from the Foundation's Board of Directors, the Executive Director declined to sign. The Executive Director stated to investigators that this decision was made to remain in compliance with the Memorandum of Understanding (MOU) between the College and the Foundation, which states the College, not the Foundation, shall accept grants from local, state, or federal agencies. In addition, the Foundation expressed concerns over funds being requested and awarded under the Foundation's identifying information.

In March 2018, once College management was confident that current fund drawdowns would not be affected, they initiated the process of registering its own DUNS number and identifying information with the federal System for Award Management. This was completed by June 2018, after appropriate registrations with federal award management entities.

In April and June 2018, the Foundation requested, in writing, that the College cease the use of the Foundation's identifying information. In June 2018, the Foundation additionally requested that the College agree to an independent audit of related funds. In March 2019, the College President shared with investigators that the College is willing to share any requested financial information with the Foundation or the Foundation's auditor.

Investigators reviewed federal funding received by the College totaling approximately \$17 million during the most recent five fiscal years. This five-year period included fiscal years 2014 through 2018. These funds correlated directly to the award amounts and/or award identification numbers reflected on USAspending.gov as attributed to the Foundation's DUNS number. The funds were deposited directly to the College's bank account and reported in the College's general ledger. Documents reviewed indicated that all federal funding received was disbursed to enrolled students or spent on activities that supported educational goals of the College. This was an investigative review of the funds and not an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

## **Recommendations**

The College and Foundation should work together. The mission of the College is to serve students in a way that helps those students reach their educational goals. The purpose of the Foundation is to support the mission and priorities of the College.

The College and Foundation should review and update their MOU. The current MOU is dated September 2009, in the body of the document, and dated February 2013, on the signature

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<sup>3</sup> USAspending.gov tracks federal spending. Awards data in USAspending.gov is provided by federal agencies and represents contracts, grants, loans, and other forms of financial assistance.

page. Signatures on this MOU include a former College President and former College Board Chair, as well as a former Foundation Executive Director and former Foundation Board President.


The College should make every effort to correct the historical award information on USAspending.gov.

The College should implement and monitor a strong internal control in regards to using the appropriate identifying information associated with government financial awards.

The Foundation should contact funding sources (e.g. U.S. Department of Education) directly for any audits of monies affected by the College's use of the Foundation's identifying information.

A copy of this communication will be provided to agencies who are reflected as awarding funds under the Foundation's identifying information.

Respectfully submitted,

A handwritten signature in black ink that reads "Beth A. Wood". The signature is written in a cursive, flowing style.

Beth A. Wood, CPA  
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