



# Charlotte Reporter

## The Rotary Club of Charlotte

January 29, 2013

Charter Date December 1, 1916 Club 6006 District 7680  
www.charlotterotary.org

### **Beth Wood** **North Carolina State Auditor** By: Henry Bostic

As today's meeting was adjourning, the Rotarian sitting next to me candidly remarked, "You know I expected this to be dull, but she made it very interesting. She puts some fun in it."



My thoughts exactly! I'd expected another politician reciting a bunch of boring figures and statistics. Instead, the newly reelected State Auditor Beth Wood grabbed my attention right off the bat and held it through to the last question. I didn't know the work of a bunch of government "bean counters" could be so interesting, but she was talking about "our taxes" and "our money."

Her story about no one wanting to talk to her because they think the state auditor "reviews tax returns" was one of several misconceptions about Wood's office that she dispelled. No, she has nothing to do with individual or corporate tax returns. Instead, her work is concentrated on how state agencies, colleges and universities "spend" the more than \$20 billion in tax revenues each year.

Those revenues come from various sources: income taxes, \$10 billion; sales taxes, \$5 billion; and corporate income taxes, \$1 billion. The remainder comes from miscellaneous taxes and fees. The state auditor "audits how those dollars are spent," Wood said.

The majority of the state auditor's efforts are directed at auditing financial statements – balance sheets, income statements, and statement of cash flows – of state government. These statements are important because they help determine the basis of the state's credit rating. North Carolina is one of only seven states with AAA bond ratings for all three rating agencies. The audits also ensure that the state receives its federal funds.

The auditor's office reviews statements of most state agencies and departments annually along with the 16 state universities and UNC Hospitals. The 58 community colleges are audited every other year and the 100 clerks of court offices are audited every five years. The audits are to determine if finances are fairly stated, not to determine how each dollar was spent. The office also audits some \$23 billion in federal funds that come to the state for such programs as Medicaid, food stamps, etc. The next major function of the auditor is "performance audits" to determine if state agencies, departments and programs are accomplishing what they are supposed to spend in accordance with legislation and regulations.

When the dental hygienist turned CPA was first elected in 2008, the state was in the midst of the worst recession since the Great Depression. The state faced a nearly \$5 billion shortfall so she set out to do what her office could to help make up the short fall by finding areas where better performance would generate savings.

One of the things her auditors found was that the state prisons were spending \$100 million for inmate medical care – \$55 million of which was being paid to hospitals throughout the state. For that, the prisons were paying at a rate five times higher than Medicare and Medicaid were paying. What's more the prisons had known this since 1998 and had done nothing about it. They didn't want to be bothered by the paper work. The state auditor can't fix

## **PROGRAM SCHEDULE**

2012-2013

Program Chair: Ed Driggs

1Qtr Edwin Peacock

2Qtr Colleen Brannan

3Qtr Bob Freeman

4Qtr Bill Constangy

### **FEBRUARY 2013**

5<sup>th</sup> **David Erdman**  
Watergate 40 Years Later

12<sup>th</sup> **Jack Truong**  
CEO, Electrolux USA

19<sup>th</sup> **How I Got Where I'm At**

26<sup>th</sup> **Heath Morrison**  
Superintendent, CMS

12:30 Tuesday  
Crowne Plaza – 201 S. McDowell Street

<https://www.facebook.com/groups/42974089870/>

the problem – only the governor or General Assembly or agency heads can do that. Wood took the findings to the General Assembly which passed several laws to correct the situation including that hospital services for inmates eligible for Medicaid would be paid through that program not the prisons. Second, the assembly also enacted legislation saying the state would not pay more than 70 percent of hospital charges. A follow-up audit showed that the prisons did as the legislature directed and after nine months was on track to save the \$11.5 million the auditor said could be saved. However, the same audit had showed that 942 Medicaid cards assigned to inmates were being used fraudulently. Asked if the prisons have followed up on that finding, not only had there been no progress but the agency did not keep the list. In response to a question, the East Carolina graduate noted that, yes, tax funds were still being used to pay for inmate hospitalizations, but because of her efforts North Carolina taxpayers were paying five times less for the same services.

Another job of the state auditor is to look for spending fraud, waste and abuse. In fact, the office has just released an app for smart phones for reporting suspected instances, Wood said. One example of fraud exposed was the case of a state marine fisheries' employee in charge of rebuilding oyster beds. He had contracted with his wife and mother-in-law without a state bid to haul the shells. He no longer works for the state, Wood said.

One of the most egregious examples of fraud Wood's auditors has found was in a program for after school care for underprivileged children. The head of the 12-university consortium program had skimmed more than \$1 million meant for the children. "That's the most jaw-dropping example," the Craven County native said in response to a Rotarian's question, "but God will really get him, I'm sure."

Wood said she has only 140 auditors to cover all of her responsibilities, and it is not enough. In fact, that number of auditors is down from 200 when she took office because the General Assembly cut the number.

Wood, a Democrat, who says she tries her best to run a non-partisan, non-political office, says she's working with legislators now to increase the auditors. "I think they realized that the auditor's office is not the best place to cut funding."

In response to a question, Wood said she's working with the newly appointed head of the Department of Health and Human Services to look more closely at food stamp, Medicaid and other fraud. In the past the agency has not done a good job of monitoring programs at the next level down but with the new DHHS head, she "sees hope."

Wood noted that her office "cannot force compliance." That's up to the governor and the General Assembly. All her office can do is to highlight "irrefutable findings." And, if the governor, legislature or agency heads don't act, it's up to the voters.

Head Table: Ken Poe, Jeremy Canipe, Marilyn Bowler, Pender McElroy, Dale Gillmore, Angela N. Mauldin; Invocation: Quincy Foil  
Visitors & Guests: Ty Hands; Song: Ed Driggs; AV: Jessica Dupree & Nikki Keith; Photos: Bert Voswinkel

## **CLUB NEWS**

→ Foundation chair **John Tabor** gave an overview of the Rotary Showcase link, which can be found on RI's website. The site is a tool to display documentation of the many successful projects and initiatives being done all around the globe. John also recognized several for their support to The Rotary Foundation: New Paul Harris Fellows: Ann Bostic, Robert Campbell Barnett, IV and Betty Harkey; Level One: **Marilynn Bowler, Lee Tabor, Don Carmichael, Pam Jefsen**; Level Two: **Will Barnhardt, John Nicolay, Bill Barnhardt, Cynthia Marshall**; Level Three: **Erskine Harkey, Tom Burgess, Henry Bostic, Nancy Robertson**; Level Five: **Byron Bullard**.

→ **Tom Bartholomy**'s BBB minute focused on a Charlotte based company, ISI Alarms, which has chalked up 131 complaints in the last year. Their pitch is to offer a safe alert system or security system to seniors for a monthly monitoring fee of just \$39.95 and of course, there is no such system....beware!

→ This week's table top message was an invitation to attend the Districts Mid-Year Assembly that will be held at the UNCC Uptown Campus this Saturday, 9 am to Noon. Contact Sandy if you would like to attend.

## **APPROVE FOR MEMBERSHIP** (comments/questions to the Rotary office by 2/5/13)

**Laura Culbertson Thomas**

Coleman Lew & Associates  
(Management Recruiting, General)

Sponsor: Bob Culbertson

Endorsed: Chuck Lew, Bert Voswinkel

**Todd Arnold**

Bridgewater Capital  
(Mortgage Banking, Residential)

Sponsor: Ed Pickett

Endorsed: Will Barnhardt, Catherine Browning

## MEMBER PROFILE



**Angela N. Mauldin**  
**Johnson C. Smith University**  
**100 Beatties Ford Road, Charlotte, NC 8216**  
**704-378-3578                      amauldin@jcsu.edu**

Angela N. Mauldin currently holds the role as Director of Corporate Relations at Johnson C. Smith University. In this role, Angela is responsible for identifying, cultivating, and stewarding corporations and corporate foundations as well as increasing the visibility of the University. Additionally, Angela manages the Corporate Alliance Initiative (CAP) which is an internal initiative at JSCU that helps create a synergistic partnership with the University and the corporate community.

Angela's most recent role was Vice President, Community Affairs Manager for Regions Financial Corporation's Mid-South Region. In that role, she worked with governmental entities, nonprofit organizations and community groups that provided economic opportunities through small business development, affordable housing, neighborhood revitalization and financial literacy. She joined Regions in 2007 and possess over 16 years of professional experience in the banking and nonprofit arenas.

Angela's professional abilities and experiences consist of community involvement, cultivating relationships and development strategies such as housing development, construction management, business growth development, training and coaching, as well as providing technical assistance to organizations.

She has been a member of The Housing Partnership, The Affordable Housing Coalition, South Carolina Association of Community Development Corporations and currently a member of The Association of Housing Counselors, Community Link, United Negro College Fund and provides financial literacy counseling to clients at Habitat for Humanity and Grace-Mar Services.

A native of Cleveland, Ohio, Angela received a Bachelor of Arts in Business Administration from Malone College and a Master's of Organizational Behavior/Science and Leadership from Pfeiffer University. Further, she holds certifications in Housing Development Finance Professional, Economic Development Finance Professional and Construction Management Training.

### ROTARY FIRSTS

- ...Rotary established the Endowment Fund in 1917, which became the forerunner of The Rotary Foundation.
- ...Rotary first adopted the name "Rotary International" in 1922, when the name was changed from the International Association of Rotary Clubs.
- ...Rotary first established Paul Harris Fellow Recognition in 1957 for contributions of \$1000 to The Rotary Foundation.
- ...The Rotary emblem was printed on a commemorative stamp for the first time in 1931 at the time of the Vienna convention.
- ...The first Rotary Convention held outside the United States was in Edinburgh, Scotland, in 1921.
- ...The first head of state to address an RI Convention was U.S. President Warren G. Harding in 1923 at St. Louis, Missouri.

<b>Attendance</b>	<u>01/29/2013</u>	<u>01/31/2012</u>	<b>Membership</b>		<b>New Members:</b> Neal Emmons, Trip Savery, Nick Whitenburg
Visitors & Guests	17	14	07/01/2012	316	
Club Members	155	184	01/15/2013	312	
Total Attendance	172	198	Net Increase	-4	<b>Resignations:</b> Bill Meanor, Janice Booth, Lee Connellee, Gaby Linscheid, Joel Walters, Jeff Payne, Lee Martin, Mary Ciminelli
Percentage	55.6%				
<b>Birthdays February 5 - 11</b>			<b>Anniversaries February 5 - 11</b>		
06 Neil Burkhead	08 Jim Barnhardt	05 Jeanie & Tom Cottingham	08 Delia & Brad Cansler		
09 John Cantrell	09 Hunter Widener	09 Katie & Scott Tyler			
10 Shannon Young	11 Nick Whitenburg				