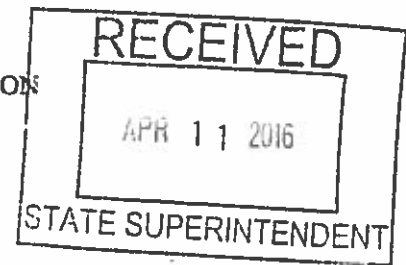




UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

MAR 22 2016



The Honorable June Atkinson
North Carolina Department of Public Instruction
6301 Mail Service Center
Raleigh, NC 27699

Dear Superintendent Atkinson:

This letter is in reference to a hotline complaint received by the U.S. Department of Education (ED) alleging suspicion of possible fraud, waste, misuse, or mismanagement of United States Department of Education program funds by Halifax County Schools, the North Carolina State Board of Education and the North Carolina Department of Public Instruction. Specifically, the complainant alleges 1) the Superintendent of Halifax County School District does not have a valid legal contract; 2) the Assistant Superintendent for Operations and Personnel received compensation without board approval; 3) there are disparities in pay among employees as aligned to the State Salary Schedule; 4) a former employee was compensated at a substantially higher pay grade level as well as received multiple bonuses; 5) three retired finance officers were paid close to \$1 million dollars to provide assistance to the Finance Officer; 6) approximately \$85,000 was spent without board approval to renovate the bathrooms at an elementary school that was subsequently recommended to be closed by Superintendent Frederick; 7) there were over 300 outstanding Halifax County Checks with unknown information; 8) auditors cited Halifax County Schools for executing a \$700,000 contract without board approval; 9) employees were not being reimbursed for travel; and 10) there needs to be an investigation of the previous and current contract with the Halifax County Sheriff's office for School Resource Officers for possible misuse of school funds. A copy of the complaint is attached for your information.

The Office of State Support (OSS) within ED is requesting North Carolina Department of Public Instruction investigate these allegations. OSS requests a written response with the investigation findings, actions taken, and the pending or finalized outcome of the investigation within 30 days upon receipt of this letter.

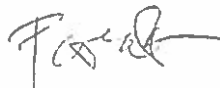
If there are any question regarding this matter, please do not hesitate to contact Cynthia Wright or Faatimah Muhammad of my staff at: OSS.NorthCarolina@ed.gov.

400 MARYLAND AVE., SW, WASHINGTON, DC 20202
<http://www.ed.gov/>

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Thank you for your continued commitment to enhancing education for all of North Carolina's students.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Rooney", with a stylized flourish extending to the right.

Patrick Rooney
Acting Director
Office of State Support

cc: Dr. Tammy Howard, Director, Accountability Services
Dr. Lou Fabrizio, Director, Data, Research and Federal Policy

Enclosure

15-20126087

9178 Ringwood Road
Enfield, North Carolina 27823



September 9, 2015

Inspector General's Hotline
United States Department of Education
Office of Inspector General
400 Maryland Avenue, SW
Washington, DC 20202-1500

Re: Suspicion of possible fraud, waste, misuse or mismanagement of United States Department of Education program funds by Halifax County Schools (North Carolina), the North Carolina State Board of Education, and the North Carolina Department of Public Instruction.

Dear Inspector General Tighe:

I am suspicious of possible fraud, waste, misuse or mismanagement of United States Department of Education program funds by Halifax County Schools (North Carolina), the North Carolina State Board of Education, and the North Carolina Department of Public Instruction.

Complainant Contact Information:

Charles Roscoe Hedgepeth
9178 Ringwood Road
Enfield, North Carolina 27823
Telephone: (919) 369-6815

Halifax County Schools Contact Information:

Halifax County Schools
Post Office Box 468
9525 Highway 301 South
Halifax, North Carolina 27839
Telephone: (252) 583-5111
Fax: (252) 583-1474

Halifax County Schools Board of Education:

Debbie Hardy, Chairwoman
Joyce Lashley, Vice-Chairman
Claude Cooper, Board Member
Susie Lynch-Evans, Board Member
Donna Hunter, Board Member
Carolyn Hawkins, Board Member
Charles R. Hedgepeth, Board Member

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United States Department of Education
Office of Inspector General
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Halifax County Schools Administration:

Elise Frederick, Superintendent
Linda Bulluck, Assistant Superintendent for Operations and Personnel
Tyrana Battle, Assistant Superintendent for Curriculum and Instruction
Charlene Jones, Finance Officer
H. Lawrence Armstrong, Jr., Halifax County School Board Attorney

North Carolina State Board of Education:

William W. Cobey, Jr., Chairman
Public Schools of North Carolina
North Carolina State Board of Education
6302 Mail Service Center
Raleigh, North Carolina 27699-6302

I am a duly elected member of the Halifax County Board of Education. I have served on the Halifax County Board of Education since being elected during the May 8, 2012, Democratic Primary.

Prior to my election, Judge Howard Manning declared that the Halifax County School District was depriving students of their right to equal access to a sound basic education. He described Halifax County Schools' record as "academic genocide." (See *Consent Order, Hoke County Board of Education et. Al. v. State of North Carolina and the State Board of Education*, 95 CVS 1158, April 29, 2009.)

I ran for office in 2012 to help remedy this "academic genocide." Now, with having served on the Board of Education for three years, I am persuaded — based on a preponderance of evidence — that the root of this "academic genocide" is potential fraud, waste, abuse, misuse, and mismanagement of public funds by Halifax County Schools, which may include program funding from the U.S. Department of Education.

On Monday, August 10, 2015, Mr. William W. Cobey, Jr., Chairman of the North Carolina State Board of Education, wrote a letter to Chairperson Hardy and the members of the Halifax County Board of Education stating (Exhibit "A"):

Dear Chairperson Hardy and Halifax County Board Members:

On behalf of the State Board of Education (SBE) I am writing, once again, out of the utmost concern for the children of Halifax County Schools (HCS). The SBE is united in its resolve to assist the students of HCS to receive the opportunity for a sound

**Inspector General's Hotline
United States Department of Education
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basic education. With the start of the 2015-2016 school year a few days away, it is clear that the HCS Board and leadership are unable or unwilling to make sound financial decisions in order to sustain a financially viable school district...

Mr. Cobey further states:

Consent order, Hoke County Board of Education et al. v. State of North Carolina and the State Board of Education, 95 CVS 1158, April 29, 2009. This Court Order was designed to enable HCS to implement a comprehensive, SBE-approved Plan to increase student performance. Under the Court Order, the SBE has authorized financial assistance...

The North Carolina State Board of Education and the North Carolina Department of Public Instruction are complicit in this matter.

I am aware of the following:

- **Superintendent Frederick does not have a valid legal contract;**
- **The Assistant Superintendent for Operations and Personnel, Linda Bulluck, received a nearly \$8,000 raise/bonus without Board approval. When questioned in a board meeting, she falsely stated that she had not received a raise. When the Superintendent was questioned, she reluctantly admitted that she gave Mrs. Bulluck the raise.**
- **26+ employees are currently being overpaid inconsistent with the State Salary Schedule, and an unknown number of employees are underpaid;**
- **A recent former employee received a \$1,000 monthly bonus, and two \$2,000 bonuses per year in addition to her regular salary, and she was six (6) pay grades too high;**
- **3 retired finance officers were paid close to \$1 million (out of PRC 069 and PRC 024) to provide assistance to the Finance Officer, which could be a violation;**
- **Nearly \$85,000 was spent without board approval to renovate the bathrooms at Dawson Elementary School, which was subsequent recommended by Dr. Frederick to be closed. The contractor was paid \$4,000 to pressure wash two bathrooms, and \$5,000 to paint the two bathrooms. The Assistant Superintendent for Operations and Personnel refused to**

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provide me documentation concerning the process of how Halifax County Schools advertised, accepted, and awarded the bid to the contractor;

- There were over 300 outstanding Halifax County Schools checks, some dating back to 2003. Halifax County Schools paid over \$8,000 to the retired finance officer to straighten this mess out. Who were these checks made payable to, and, for what reason?;
- The auditors cited where Halifax County Schools executed a \$700,000 contract (technology) without board approval;
- Employees traveling and not being reimbursed; and,
- The previous and current contract of the Schools Resources Officers – through the Halifax County Sheriff's office – needs to be investigated for possible misuse of schools funds.

Thank you for your consideration of my request. Should you need additional information, feel free to contact me.

Sincerely,



Charles R. Hedgepeth
Member, Halifax County Schools Board of Education

Attachment:

Exhibit A – Williams W. Cobey's August 10, 2015, letter to Halifax County Board of Education

EXHIBIT "A"



PUBLIC SCHOOLS OF NORTH CAROLINA
STATE BOARD OF EDUCATION | William W. Cobey Jr., Chairman
WWW.NCPUBLICSCHOOLS.ORG

August 10, 2015

Halifax Board of Education

9525 Highway 301 South

Halifax, NC 27839

Dear Chairperson Hardy and Halifax County Board Members:

On behalf of the State Board of Education (SBE) I am writing, once again, out of the utmost concern for the children of Halifax County Schools (HCS). The SBE is united in its resolve to assist the students of HCS to receive the opportunity for a sound basic education. With the start of the 2015-2016 school year a few days away, it is clear that the HCS Board and leadership are unable or unwilling to make sound financial decisions in order to sustain a financially viable school district. To our dismay, irresponsible decisions by the HCS Board signal a failure to cooperate with the recommendations by the SBE's designees.

You will recall that in 2009, after years of chronic poor academic performance, the Halifax County Board of Education agreed to comply with a Court Order in which it would:

Fully cooperate with the State Board of Education and its designees to improve educational opportunities for students enrolled in Halifax County public schools consistent with the Halifax Board of Education's statutory obligation to provide an adequate school system, provide all Halifax County public school students with the equal opportunity to obtain a sound basic education, and to independently exercise its judicial functions; [and appear] and testify at any future hearing in this case regarding any member's reasons for not taking action or voting against any proposals endorsed by the State Board of Education or its designees [.]

Consent Order, Hoke County Board of Education et al. v. State of North Carolina and the State Board of Education, 95 CVS 1158, April 29, 2009. This Court Order was designed to enable HCS to implement a comprehensive, SBE-approved Plan to increase student performance. Under the Court Order, the SBE has authorized financial assistance, extensive professional development opportunities, instructional coaching for teachers and administrators, remediation for students and numerous other efforts to increase academic achievement. The SBE has entrusted only the most capable and experienced staff to assist

NORTH CAROLINA STATE BOARD OF EDUCATION

William W. Cobey Jr., *Chairman* | william.cobey@dpi.nc.gov

6302 Mail Service Center, Raleigh, North Carolina 27699-6302 | (919) 807-3430 | Fax (919) 807-3445