



Gardenia M. Henley/Diplomat/Ret.
*“The Tough Issues Must Always Be
Addressed And Dealt With Effectively”*

THE HENLEY REPORT III

**THE CITY OF WINSTON-SALEM, N.C.
GOVERNMENT OFFICIALS ABUSE
OF POWER**

February 5, 2013

MEMORANDUM

FOR: The Mayor and Council Members for Winston-Salem, N.C.

FROM: Gardenia M. Henley Diplomat/FSO/Ret./Winston-Salem, N.C.

SUBJECT: **THE HENLEY REPORT III (PART ONE)**
City of Winston-Salem's Government Officials Abuse of Power

I am presenting *The Henley Report* for your immediate action and attention. The contents of this report contains alleged instances of fraud, waste, abuse and mismanagement and is supported by affidavits and other "sworn to statements." This report presents alleged evidence of Federal, State and local violations and unethical conduct by current and former City Officials of the city of Winston-Salem, N.C. (WSNC). This report contains the names of the individuals involved, but it is not intended to implicate that the individuals whose names and titles are identified are guilty of any crimes - felony or misdemeanors. For the City of Winston-Salem, N.C., I officially met with the following individuals for discussions relating to the subject matter:

The City Manager, Lee Garrity
The Deputy City Manager, Derwick Paige
Assistant City Managers:"
Martha Wheelock
Greg Turner
City Attorney, Angela Carmen
Deputy City Attorney, Al Andrews
Director of Human Resources, Carmen Caruth

I have requested various supporting documentation from all of the city officials who are identified above. The dates for receipt of the various requested information varies by individual. Thus, I have chosen to present the results of my findings based on the information that did not need any additional supporting documentation.

I understand and trust that city officials are working as diligently as possible to respond to and submit the information requested. At this time, I will again thank everyone who took the time out of their schedules to meet with me to discuss the issues as stated within this report. I will be available if anyone would like to meet or speak with me concerning any matters in this report. Additional documentation is available upon request. Please respond to this report by COB on March 5, 2013. May God Bless Winston-Salem, N. C.

THE HENLEY

REPORT III

(PART ONE)

Preventing and Detecting **Fraud, Waste, Abuse and Mismanagement**

I am Gardenia M. Henley, a retired Diplomat, Inspector General Auditor-in-Charge for the Department of State/Agency for International Development. I retired in 2005 with over 3 decades of experience preventing and detecting, fraud, waste, abuse, and mismanagement. I am one of the first pioneers that helped to start the U. S. Department of State's Office of the Inspector General's Security and Intelligence Division which was initially formed as a result of the U. S. Congressional *Inman Report*. Based on my experience, I know the faces of corruption all to well both nationally and internationally.

I have spent several months investigating and reviewing supporting documentation relating to the allegations presented in this report. I believe that in the United States of America and the counties that represent each state there is a foundational structure which operates by a rule of law. This structure began many decades ago with an electoral political process which allows each individual to select who they choose to represent them politically, socially, morally and financially. When this system becomes corrupt to the point that the electoral process is no longer one of good judgment and trust, and when the internal controls within this system are willfully abused, we must stop, repair and restructure this system.

This report presents allegations of fraud, unethical and illegal acts committed by numerous Winston-Salem, N.C. city officials as stated in affidavits and other signed statements which state that city officials have and are aware of or have willfully violated Federal, State and Local laws which relate to Winston-Salem's city officials.

Background

In 1849, the Salem Congregation sold land north of Salem to the newly formed Forsyth County for a county seat. The new town was called "the county town" or Salem until 1852 when it was named Winston for a local hero of the Revolutionary War, Joseph Winston.

In the 1880s, the US Post Office began referring to the two towns as Winston-Salem. The United States Post Office established the Winston-Salem post office in Winston, with the former Salem office serving as a branch. After a referendum the towns were officially incorporated as "Winston-Salem" in 1913.

Winston-Salem, North Carolina, is a city in the State of North Carolina with a 2011 U.S. Census bureau estimated population of 232,385. Winston-Salem is the county seat and largest city of Forsyth County. Winston-Salem is the second largest municipality in the Piedmont Triad. **Winston-Salem** is called the "Twin City" for its dual heritage and most locals refer to the city as "Winston" meaning Winston-Salem. Museums are an integral part of Winston-Salem's heritage. The most famous is Old Salem, a living history museum founded in 1766.

Report Objectives

I performed this review to identify the following objectives:

Does the city government of Winston-Salem, North Carolina conduct business ethically and legally?

Is there a break down in the city's overall system of internal controls?

Are there any egregious violations of federal, state and local laws by city officials?

Are city officials effectively managing and investing our tax dollars?

To answer these objectives, I conducted interviews with various Winston-Salem, N.C. city officials, with private citizens and some individuals who are affiliated with persons who have allegedly violated the law or codes of ethics. I also reviewed relevant federal, state, local laws, regulations, guidance, and other documentation, to reach general conclusions relating to the objectives as stated in this report. To identify some conditions in this report, I relied in part on my own observations and audit/investigative field work, affidavits, interviews with employees of the city of Winston-Salem and the statements received from persons familiar with individuals in this report and with expertise in certain areas. Relevant federal, state, and local laws, requirements and guidance, were used as the criteria for this report.

I. Does the city government of Winston-Salem, North Carolina conduct business ethically and legally?

THE CITY OF WINSTON SALEM SANITATION DIVISION NEEDS TO CLOSLY ADHERE TO THE OCCUPATIONAL, HEALTH AND SAFETY ACT (OSHA) REQUIREMENTS.

I found numerous examples where the managers in the sanitation division are not following OSHA requirements.

Both former and current city of Winston Salem Sanitation Division employees have alleged that sanitation and city managers responsible for the sanitation department do not always follow OSHA requirements. They also alleged that management do not conduct business in a cost effective manner, nor do they conduct business ethically or legally. They have also stated that, city department managers and directors often show favoritism to certain employees by allowing them to violate certain city policies and procedures as it relates to:

Health and Safety (OSHA)

Alcohol and Drug Abuse

Lack of Good Leadership and Respect

Misrepresentation/Falsifying Records

Do City Officials Effectively Use and Invest Our Tax Dollars?

Health and Safety (OSHA)

Overall the employees stated that they are treated with a lack of respect and are treated as though “they are not human beings.” even though they are conducting an important service for the City of Winston-Salem. They stated that some of the trucks do not have heat during the winter and air condition during the summer. They stated that the trucks can get so hot that some employees have gotten sick and have had strokes and of course suffer from dehydration.

When I tried to verify these assertions with the overall responsible, City Manager, Lee Garrity he stated that, “they are not in the trucks for a long time,” and that he was not aware of this problem. I spoke with the Assistant City Manager, Greg Turner and Johnnie Taylor who both stated that it was the drivers responsibility to inform management if the trucks needed repair.

I spoke with the sanitation department drivers again who held firm to the fact that management assertion were not correct and that most of the trucks do not meet OSHA health and safety requirements. I interviewed an employee in the maintenance department who did confirm that there are 18 trucks that do not have AC. I was told that when the trucks were purchased the air conditioning units were not standard equipment, thus the city, would have had to pay more money for the trucks in which, per the employee, the city obviously did not do.

As for the employees not having access to work gloves management agreed, after extensive discussions, that this OSHA requirement needed to be corrected immediately, for obvious safety reasons.

I also discussed the city ordinance for curb side delivery. Numerous sanitation workers stated that there are thousands of residences in Winston-Salem where curbside garbage pickup is not being followed per the W. S. city ordinance. The employees stated that most of these residences were in the more prominent neighborhoods. The city ordinance basically states that, to be exempt from curb side pickup you must request it in writing and also attest to the fact that you and no one else in your household is capable of carrying the cart to the street.

Initially, when I spoke with the City Manager, Mr. Garrity concerning this matter, he guaranteed me no such arrangements were taking place that they had exempt forms for all of the thousands of households who were not participating in curbside pickup. He also offered to give me the list of residences that are exempt from curbside. Later, on January 25, 2013, I spoke with Assistant City Manager Greg Turner, who initially denied the undocumented curbside arrangements as well. However, during that same meeting, the Director for the Sanitation Division, Johnnie Taylor, confirmed that the employees were telling the truth. Mr. Taylor explained that there were many multi-family homes in which the sanitation department made a conscious decision to have the laborers pick up their trash regardless to where the carts are located, he said that this decision was based on "space constraints," based on their definition of space constraints, as compared to what the employees stated and what I personally observed, the reasoning did not add up. Both Mr. Turner and Mr. Taylor, stated that they would reassess these locations and would give me a current list and an updated list of the residences exempt from curb side. To date, I have not received the current list as requested and agreed upon. Mr. Turner stated that he would also share the results of their reassessments in about 4 weeks from the date that we initially meet which would be in late February 2013. The city officials did not have curbside exemption forms or believable justifications for thousands of city residents that are not exempt and do not participate in curb side pickup as required.

The laborers have stated that their work is challenging within itself and the exempt residences are the most challenging locations for them. They further stated that the terrains for most of these areas are extremely difficult to manage with or without a heavy collection cart.

In order to form my own opinion of the working conditions of the sanitation department, I conducted an independent review of the terrains at various locations within the city of Winston-Salem. I conducted numerous site visits on various different days and was able to verify most of the assertions that were brought to my attention. I was also able to verify that some of the curbside exempt areas were extremely hard to manage with or without carrying a heavy collection cart.

Also, during the same meeting on January 25, 2012, with Assistant City Manager, Greg Turner and the Director for Sanitation, Johnnie Taylor, I stated that, sanitation workers have stated that sometimes they find and report instances where there is more than garbage in trash carts and dumpsters and stated that citizens sometimes dump broken glass, cat and dog waste, carcasses of pets and possums, syringes and also chemical waste.

The sanitation workers agreed that, like other professions that require physical labor, garbage collecting can put tremendous strain on their body as well. Some employees have stated that they have some injuries which come from constantly repeating awkward movements, such as jumping in and out of garbage trucks and lifting carts that can sometimes weigh 100 pounds or more. The weight of collection carts and the awkward terrains can cause back strain and ankle sprains to say the least. They stated that on days when the road is slick, lifting heavy cans can be especially dangerous since they never know what to expect, as the carts vary in weight.

It should be noted that the OSH Act covers employers and employees *either directly through federal OSHA or through an OSHA-approved state program. State programs must meet or exceed federal OSHA standards for workplace safety and health.*

Alcohol and Drug Abuse

I spoke with several sanitation employees who have stated that they are substance abusers. They have alleged that some of their supervisors are/were aware of their conditions. In fact, they have further alleged that some of the supervisors have also engaged in activities with them involving drugs or alcohol during the sanitation departments' hours of operation.

Other sanitation employees have stated that supervisors are aware that some employees come to work intoxicated and under the influence of other substances such as marijuana. They have also stated that the supervisors know that there are many substance abuse problems in the department. Some truck drivers have stated that they have openly discussed this problem with their supervisors, and have also refused to go out on the trucks to pick up garbage with some of the abusers. They stated that intoxicated employees is common and is an accepted practice among the sanitation department. They have also stated that marijuana is sold on the city's sanitation compound, and that numerous sanitation laborers and supervisors consume marijuana after hours, and perhaps during working hours as well. Employees stressed the fact that in the Sanitation Division: the Deputy Director, Randy Britton, the Operations Manager, Christ Christmas and the Lead Supervisor, Darryl Moody, are all aware of substance abuse problems in the department where sometimes laborers are too intoxicated to work. They stated that they have gone so far as to ask for a replacement laborer and in most cases would be ordered to go out with the intoxicated employees anyway. Some drivers stressed concerns that working with substance abusers were a risk to the sanitation department in regards to their safety, and public safety. They stated that instead of effectively dealing with the problem, management would order them to take the intoxicated laborer out with them anyway, especially if there were no sober replacements for the laborers. They stated that substance abuse is very prevalent on Thursday's and Friday's which are paydays.

I met with City Manager Lee Garrity who stated that he was not aware of this long standing problem. He said that no one had made him aware of any instances of substance abuse of any nature. He basically stated that it was the employees' responsibility to inform them if they had a problem with substance abuse. He stated that he would like to "drug test all employees but unfortunately state law only allows for certain tests to be conducted and for certain employees." He also discussed the guidelines for random testing for employees.

The city of Winston-Salem employee Handbook prohibits the use of drugs and such actions during and after hours by its employees. Non adherence to the handbook requirements presents an unwarranted level of liability and responsibility for the sanitation driver and for the city of Winston-Salem.

Lack of Good Leadership

Citizens of the city of Winston-Salem and other city employees have stated that, a lack of good leadership and policy has created a hostile work environment within the City of Winston-Salem. Specifically, one group (the sanitation division) has stated for the record that that they are often expected to train other new hired sanitation workers. Thus, there are times when, because they were improperly trained, they therefore pass on the same inaccurate/wrong information to the new sanitation employees. This creates a problem because workers can receive violations or be fired as a result of this misinformation.

They also complained that their daily routine routes were not mapped out in a cost effective manner. They also asserted that they were not allowed to play a role in the decision making process which they believe is costing the city to spend unnecessary tax dollars because some of the routes overlap with others.

I discussed this matter with management and was told the drivers were included in the development of the garbage collection routes and the drivers stated that management's assessments were not true.

Misrepresentation/Falsifying Records

I was told by several sanitation workers that a Supervisor in the Sanitation Department, Mr. Darryl Moody forged employee signatures on statements alleged to have not been written by them. It was also alleged that he later used these documents as evidence during a hearing relating to an employee's termination. I asked the City Manager Lee Garrity and the Assistant City Manager, Mr. Greg Turner, and Sanitation Director, Johnnie Taylor if they had any knowledge of this allegation. All three individuals denied having any knowledge of this incident.

Although I did not do any extensive research into this personnel matter, I raised the question to all three individuals because I did in fact review compelling evidence where this issue was officially raised by more than one city employee, and to my knowledge it was ignored by all levels of city management. Thus, I expected to hear at least one of the three individuals involved say that they were familiar with the alleged accusation, or more correctly speaking, that it was a personnel issue and that it could not be discussed.

In fact, it was my understanding that this issue was elevated to the City Attorney's office and that other city managers have some knowledge of the allegation as well. It was also hard for me to believe that no one was aware of this incident, as it was a part of a major termination hearing involving a former employee, who was also a whistle blower that was not protected under the

law.. However, during my meeting with Mr. Turner and Mr. Taylor, Mr. Taylor did say that, “that is a very serious issue.” and I agreed that the alleged accusation was serious.

Do City Officials Effectively Use and Invest Our Tax Dollars?

During a meeting with the Deputy City Manager, Derrick Paige and myself on January 29, 2013, I found several instances where Mr. Paige may not have been managing and providing the proper oversight of our tax dollars. For example, Mr. Paige upon request provided me with a list of Direct Investment Projects for the city of Winston-Salem (see the attached exhibit). During this meeting, I requested proof that the investors who had received our tax dollars had actually created the number of jobs that was on the list that he had provided to me.

Initially, Mr. Paige told me that I would need a court order to get support proving that jobs stated on the project incentive/investment list were actually created. I then questioned how did he verify that the recipients created the jobs and he stated that he could give me the requested information. I will also note that in some cases, the loss of jobs has not been filtered into the equation when the city officials discuss the number of jobs created, thus further distorting the overall employment rate for the city Winston-Salem.

Initially, I chose 3 recipients from the list (see the attached list) I requested the support as to whether or not the investors had reached their projects intended results as it relates to their performance. I was told that I would receive that information. Based on my interview with Mr. Turner and his responses to my inquiries, I believe that at least for three sample items, that I had chosen, these projects lacked the proper oversight. For example, I chose a sample of three major incentive project’s that were financed by the city of Winston-Salem tax payers, based on the dollar amount and public interest. These three project were reviewed to identify, the amount of city dollars invested, the number of jobs that recipient stated that it would create and whether or not the recipient reached it’s intended goals and if the stated results were verified by city management. The results of my review are as follows:

Dell Inc.

TAX PAYER INVESTED AMOUNT WAS: \$18,925,250 as stated on the list. (See attached List)
JOBS CREATED: 1,700

ON NOVEMBER 3, 2009 CITY OFFICIALS ALLOWED DELL, INC TO COMINGLE A NON-PROFIT ORGANIZATION FUNDS (THE MILLENNIUM FUND) WITH CITY GOVERNMENT FUNDS.

ON NOVEMBER 3, 2009 CITY OFFICIALS ALSO ALLOWED DELL, INC TO COMINGLE FUNDS WITH (THE FORSYTH COUNTY DEVELOPMENT CORP.) CITY GOVERNMENT FUNDS.

AT AN ITEM MAY 18, 2011, CHAPTER 56, MAYOR'S LUNCHEON, MAYOR ALLEN JOINES DISCUSSED THE DELL, INC. INCENTIVE CONTRACT. HE QUIZED THE PARTICIPANTS SAYING "LET ME OFFER YOU A DEAL LET'S SEE IF YOU WOULD TAKE IT. IF SOMEONE CAME TO YOU TODAY AND SAID OK WE ARE GOING TO COME INTO YOUR CITY AND WE ARE GOING TO INVEST ABOUT \$120 MILLION AND HIRE ABOUT 1400 PEOPLE FOR 6 YEARS AND OH BY THE WAY, WE ARE GOING TO CLOSE IN 6 YEARS AND GIVE YOU ALL YOUR MONEY BACK, WOULD YOU DO THAT THERE? I WOULD AND I WILL DO IT AGAIN, AND THAT IS EXACTLY WHAT HAPPENED WITH DELL." THIS STATEMENT IS AN INDICATOR THAT THE CITY OF WINSTON-SALEM, OR AT LEAST THE MAYOR KNEW IN ADVANCE THAT DELL WOULD ONLY BE IN WINSTON-SALEM FOR 6 YEARS, IF WHAT HE STATED IS TAKEN AT FACE VALUE.

MR. PAIGE STATED THAT, "AFTER A CONTRACT EXPIRES WHICH INVOLVES INCENTIVE PAYMENTS, THEY HAVE NO WAY OF KNOWING WHAT THE ACTUAL NUMBER OF JOBS ARE."

The City Manager and/or the responsible office within the City of Winston-Salem should not have allowed permission to be given to Dell, Inc., to co-mingle city tax dollars with the Millennium Fund's privately owned dollars. Nor should it have allowed the Forsyth County Development Corporation's funds to be co-mingled with city tax dollars. This type of contractual arrangement created a conflict for the both, the City of Winston-Salem, and for the Millennium Fund it especially created an alleged conflict of interest for anyone including the Mayor Allen Joines or anyone else who are party's to both sides of the transactions.

On January 29, 2013, I met with the city of Winston-Salem's Attorney Angela Carmen and her Deputy City Attorney, Al Andrew. At that time I asked her if she was aware of any conflicts of interest relating to any incentive type contracts, she said that she was not aware of any, (See attached exhibit). I asked several other questions and finally Mrs. Carmen and Mr. Andrews both stated that their role as city attorneys is to comment on whether or not documents that are brought forward are "legally sufficiently."

The city council's office was PC'ed on a document dated October 19, 2009, from the Mayor of Winston-Salem to Dell, Inc. which was written on the city of Winston-Salem's letterhead. The two private entities were clearly included on the request for funds document along with the request for funds for the city of Winston-Salem. Relating to the Latest incentive agreement with Herbalife, Ms. Angela Carmen stated that she would give me a copy of the Herbalife contractual agreement. As of the date of this report, I have not received it.

Herbalife

I also inquired about the financial condition of Herbalife and Mr. Paige said that he did not look at the financial condition of Herbalife because the state had already investigated Herbalife. He stated that he had no reason to question their financial condition. He said that when a project comes forward, it comes through the state and Winston Salem Business Inc. invests against the company to determine if it is a legitimate company, he asserted also that the state has investigated the company and “in their review of the company found that it is a very strong cash wise company having in the bank \$800,000,000.” He further stated that he did not have any information verifying this in writing and he had “no reason to question the Department of Commerce.” He further stated that, “Raleigh” does the main review of this type of transaction and had also conducted an investigation of Herbalife.” I asked him if he was concerned about the negative publicity that Herbalife was receiving and he said “no, I am not concerned about it.” I concluded based on Mr. Paige’s confirmation that he made the request for the mayor and city council members to approve economic development assistance to Herbalife based on what he was told and not what he had physically verified.

With much respect given to the state officials who may have been involved with this transaction, Mr. Paige should have trusted but verified what he was told about this particular investment and all others as well. The city tax payers expect responsible use of their tax dollars, through proper checks and balances.

I also asked Mr. Turner about the Census population numbers for the city of Winston-Salem as stated in the 2012-2013 Annual Budget. I informed him that the population totals as presented in the 2012-2013 Annual Budget were not consistent with the Census bureau. He also seemed to not be too concerned about this issue, I explained to him that the city funding that comes from the state and federally funded programs is based in part on the total population for Winston-Salem, if the total population is off the funding will be off as well.

THE CITY OF WINSTON-SALEM OVERALL SYSTEM OF INTERNAL CONTROLS

On January 25, I spoke to the Director of Human Resources Ms. Carmen Caruth. She stated that flu shots are available for all employees. She stated that the city has a contractor who comes in each year during the month of October for 11 days to give out the flu shots. City employees stated that getting flu shots were a problem as they stated that the medical unit “ran out of shots sometimes” before they could receive them. Ms. Caruth stated that she was not aware of this and that if the nursing unit was to run out of flu inoculations they would direct the employee to a local facility who could assist them.

On January 29, 2013, I spoke with the Assistant City Manager, Martha Wheelock. Among other areas, Ms. Wheelock is responsible for the city of Winston Salem’s Human Resources and City Link 311 services. She stated that she had oversight for the departments listed on her website, but stated that she was not a “part of the departments.” We did not discuss the major material issues identified in this report. I believe that the City of Winston-Salem’s 311 service is

commendable. We discussed the process and procedures for incoming calls to city link, the only item in question was the period of time in which the recorded 311 calls were kept, she stated that she believed that they were kept for 90 days but was not sure and said that she would confirm the time later. The timing for storing 311 calls was in question as it has come up in numerous conversations that I have had with many city employees. We briefly discussed employees health and safety Ms. Wheelock stated that she would give me the following information:

the cost of gloves for the fire, police and the sanitation department,
an inventory list of all of the city vehicles, trucks and etc.,
the total number of city employees, and
a schedule of all the money that comes into the city's budget as a result of the Dash Ball Park operations.

She stated that there is one master contractor for the city. I gave her the legal name of the contractor, as it was given to me by the city attorney's office. Ms. Wheelock stated that she was not familiar with OSHA requirements for city employees. Finally, Ms. Wheelock agreed to give me the requested information as stated above and other requested information within 2 weeks.

Conclusion

I found that the City of Winston-Salem officials do not always conduct business ethically or legally. In fact, I found numerous instances of alleged illegal and unethical conduct as stated in this report.

It is my opinion that the City Attorney, Angela Carmen and members of her office, are in fact, responsible for identifying cases of misconduct, conflicts of interest, and illegal and unethical conduct, especially as it relates to the Mayor, City Council Members and the other city government officials and employees. Most individuals who have at least taken the most basic course in law or who have taken an ethics course will know of conflicts of interest. Further, it is the appearance of a conflict of interest that should be dealt with as well. When I presented questions relating to conflicts of interest to City Attorney Mrs. Angela Carmen it was quiet clear that it would be difficult for her to address conflicts of interest with her superiors. As it stands, the city of Winston-Salem, has at least 3 well founded alleged conflicts of interest as presented in this report. The citizens of Winston-Salem are asking that it not so much as appear that any elected official or appointed officials are knowingly involved in any conflicts of interest or pyramid schemes, especially as it relates to our tax dollars. A license to practice law means that there are certain allegations especially as presented in this report, if ignored, could have a negative impact on the attorney's office within itself. I hold the city attorney, Angela Carmen solely responsible for wholeheartedly addressing this issue as it is spelled out in this report.

I will say that, I understand issues of autonomy and know that within the structure of most cities and Winston-Salem is one, if you blow the whistle, you are not promoted or fired or both. It is very disappointing to see this type of hierarchy, but it does exist in Winston-Salem, and around the world. I know how and why it exist, but the tough issues must be addressed.

During my interviews with city managers they repeatedly brought it to my attention that

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employees were to be held accountable for reporting substance abuse, the need for vehicle maintenance, instances of a hostile work environment and etc., however, management must have the courage to stand up for what is right or to fight against what is wrong. On any given day the employees of the City of Winston-Salem, can use management's own lack of ethical conduct and illegal behavior as a defense against most employees who are faced with a case relating to a termination of employment.

City officials in the Department of Sanitation have violated its own personnel regulations, and OSHA regulations in regards to the city employees as well as the Sanitation Department Employees. I do not expect to have a lengthy conversation as to why sanitation employees can not be issued the bare necessities such as gloves, or why flu and tetanus shots are not administered to them at no cost. The sanitation jobs may be dirty within the nature of what must be done daily, but let it go undone for two days. It would give us all something to think about. Through all of the employees' compliments or complaints about management, every sanitation employee that I interviewed stated that they enjoy keeping Winston-Salem clean.

This is a group of men and women (mostly men) who work under very harsh and adverse conditions. When one learns about the details of what sanitation workers go thru on a day to day basis it goes with out question that certain protections much be put in place for them.

RECOMMENDATION: For the City Attorney, Angela Carmen:

Please state why the circumstances surrounding the Millennium Fund's contract with Dell inc., and the Winston-Salem Alliance's interactions with the Ball Park did not create a risk that may have caused the mayors professional judgment or actions regarding the city of Winston-Salem's interest to be unduly influenced by the Millennium Fund's involvement?"

A. Why did you not advise Mayor Joines not to request reimbursements from Dell Inc, on behalf of the Millennium Fund?

B. Do you believe that to use his influence as the Mayor of Winston-Salem, to request the reimbursement of funds for the Millennium Fund was not a conflict of interest with Mayor Joines?

C. Was the initiation of these documents (see attached exhibit), by definition a conflict of interest? If you disagree, with my assessment, please state why these transactions were not a conflict of interest.

D. As you were PC'ed on a letter from Mayor Allen Joines to Mr. Kip G. Thompson of Dell, Inc. dated October 19, 2009, which was written on the city of Winston-Salem's letterhead. (see attached exhibit) Please explain why Mayor Joines was allowed to request that Dell, Inc reimburse funds for the non-profit Millennium Fund and for the Forsyth County Development Corporation, on behalf of the City of Winston-Salem.. Note that: Neither of the 2 Non profits were parties to the initial Dell Inc., contract. Please state why the requested action is or is not a conflict of interest.

Please also note that:

(1.) The Mayor and Mr. Ralph Womble are both board members for the Millennium Fund, and

(2). As you have no doubt noticed, Mr. Womble is also PC'cd on Mayor Joines Letter to Dell, Inc., dated, October 19, 2009 where again, Mayor Joines is requesting a personal refund for himself and Mr. Ralph Womble

(3.) Mr. Ralph Womble gave \$1000 to Mayor Joines political campaign for mayor. Normally, this is not a problem, however, as they both have a common interest that is clearly linked to the Millennium Fund - that helped to finance Caterpillar, Inc. account - that came from the refunded amounts from the Dell Inc., account. By the way, Mayor Joines stated on May 18, 2011, at the Mayors conference, that the Dell, Inc. funds will help to fund the Caterpillar, Inc. account.

(5) Finally, will you please explain how these peculiar webs of events are or are not a conflict of interest for Mayor Joines or for anyone else?

Recommendation: For the City Manager, Lee Garrity.

Please explain why on November 3, 2009 Dell, Inc., a nonprofit organization was allowed to commingle its funds with a city of Winston-Salem government funds account?

A. Was the Chief Financial Officer (CFO), Denise C. bell informed that non profit funds would be commingled with the City of Winston-Salem funds in the city bank account?

B. Who approved this non profit and city of Winston-Salem's commingling of funds?

Recommendation: For the City Manager, Lee Garrity.

A. The sanitation division should make sure that the workers have the necessary supplies and equipment such as the proper work gloves to perform their required tasks.

B. The Sanitation division should make sure that all OSHA requirements are followed, especially, as it relates to the work gloves, inoculations, the trucks and other vehicles.

C. The Sanitation division management should do a better job of communicating with the truck drivers and other laborers as well as all other employees.

D. The current City Employees Hand Book needs to be given or made available to all city employees.

E. All city employees should be reminded and briefed relating to OSHA requirements. Staff should be consistently and properly trained.

F. The city of Winston-Salem should have curbside exemption forms and justifications for all residents that are not exempt from curb side pickup.

G. I understand and agree with the state laws which only allows for certain tests to be conducted, at certain times and on certain employees. However, the importance of a sober and drug free work environment must be addressed immediately. This matter must be addressed both civilly and humanely, as most of the employees that are alleged or self proclaimed substance abusers have been with the sanitation department for hundreds of years, collectively speaking.

H. The Sanitation division should assure that the routine collection routes taken by the sanitation workers are the most cost effective. Sanitation employees should be allowed to voice their opinions relating to the most cost effective routes. They should also be commended for bringing this matter to management's attention, especially when they believe there is a more cost effective collection route.

I. City Managers need to do a better job of vetting investors prior to recommending them to the mayor and city council for approval. The city's policy should be based on the premise of, trust but verify.

Scope and Methodology

Scope

I conducted this review in accordance with GAO's generally accepted government auditing standards. The purpose of this review was not to form an opinion on the information reported or the individuals identified, instead it was to:

Verify the integrity of city officials, including whether or not they conduct business both ethically and legally.

Identify problems with the city government's system of internal controls.

Identify any violations of federal, state and local laws by city officials both elected and appointed.

I conducted this audit/investigation to gain an understanding of the programs and activities of the city of Winston-Salem and other affiliated non-profit entities. This audit/investigation contains recommendations. The audit/investigation was conducted in Winston-Salem, North Carolina, during the period of January 2012 through February 2013.

Methodology

To obtain a more detailed understanding of the departments within the city government of Winston-Salem, I met with the individuals as identified in this report and verified various public documents presented by the City of Winston-Salem, N.C., to the public. During calendar years 2012 and 2013, I conducted site visits to various locations including the location of some non-profits affiliated with the city of Winston-Salem. Also, in order to form my own opinion of the allegations brought forth by select employees of the sanitation department, I conducted an independent review of the working conditions and terrains at various locations within the city of Winston-Salem, N. C's sanitation environment. I conducted numerous site visits on various different days and was able to verify most of the assertions that were brought to my attention by employees. I was also able to verify that some of the curbside exempt areas were extremely hard to manage with or without carrying a heavy collection cart.