

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 735*

Short Title: Reform Financial Reporting of OLBs. (Public)

Sponsors: Senators Wells and Daniel (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 24, 2018

1 A BILL TO BE ENTITLED
2 AN ACT TO REFORM FINANCIAL REPORTING OF OCCUPATIONAL LICENSING
3 BOARDS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 93B-1 reads as rewritten:

6 "**§ 93B-1. Definitions.**~~Definitions; list of occupational licensing boards.~~

7 (a) As used in this Chapter:~~Chapter, "license" means any license (other than a~~
8 ~~privilege license),~~license, certificate, or other evidence of qualification which an individual is
9 required to obtain before he or she may engage in or represent himself or herself to be a member
10 of a particular profession or occupation. A "license" does not include a privilege license.

11 (b) ~~"Occupational licensing board" means any board, committee, commission, or other~~
12 ~~agency in North Carolina which is established for the primary purpose of regulating the entry of~~
13 ~~persons into, and/or the conduct of persons within, a particular profession or occupation, and~~
14 ~~which is authorized to issue licenses; "occupational licensing board" does not include State~~
15 ~~agencies, staffed by full time State employees, which as a part of their regular functions may~~
16 ~~issue licenses.~~As used in this Chapter, "occupational licensing board" means any of the
17 following:

- 18 (1) Acupuncture Licensing Board.
- 19 (2) Board of Examiners for Speech and Language Pathologists and Audiologists.
- 20 (3) Board of Law Examiners.
- 21 (4) Board of Podiatry Examiners.
- 22 (5) Cape Fear Navigation and Pilotage Commission.
- 23 (6) Midwifery Joint Subcommittee.
- 24 (7) Morehead City Navigation and Pilotage Commission.
- 25 (8) North Carolina Appraisal Board.
- 26 (9) North Carolina Auctioneers Commission.
- 27 (10) North Carolina Board for Licensing of Geologists.
- 28 (11) North Carolina Board for Licensing of Soil Scientists.
- 29 (12) North Carolina Board of Architecture.
- 30 (13) North Carolina Board of Athletic Trainer Examiners.
- 31 (14) North Carolina Board of Cosmetic Art Examiners.
- 32 (15) North Carolina Board of Dietetics/Nutrition.
- 33 (16) North Carolina Board of Electrolysis Examiners.
- 34 (17) North Carolina Board of Funeral Service.
- 35 (18) North Carolina Board of Landscape Architects.
- 36 (19) North Carolina Board of Licensed Professional Counselors.



- 1 (20) North Carolina Board of Massage and Bodywork Therapy.
2 (21) North Carolina Board of Nursing.
3 (22) North Carolina Board of Occupational Therapy.
4 (23) North Carolina Board of Pharmacy.
5 (24) North Carolina Board of Physical Therapy Examiners.
6 (25) North Carolina Cemetery Commission.
7 (26) North Carolina Interpreter and Transliterater Licensing Board.
8 (27) North Carolina Irrigation Contractors' Licensing Board.
9 (28) North Carolina Landscape Contractors' Licensing Board.
10 (29) North Carolina Locksmith Licensing Board.
11 (30) North Carolina Marriage and Family Therapy Licensure Board.
12 (31) North Carolina Medical Board.
13 (32) North Carolina On-Site Wastewater Contractors and Inspectors Certification
14 Board.
15 (33) North Carolina Psychology Board.
16 (34) North Carolina Real Estate Commission.
17 (35) North Carolina Recreational Therapy Licensure Board.
18 (36) North Carolina Respiratory Care Board.
19 (37) North Carolina Social Work Certification and Licensure Board.
20 (38) North Carolina State Bar.
21 (39) North Carolina State Board of Dental Examiners.
22 (40) North Carolina State Board of Examiners for Nursing Home Administrators.
23 (41) North Carolina State Board of Examiners in Optometry.
24 (42) North Carolina State Board of Examiners of Fee-Based Practicing Pastoral
25 Counselors.
26 (43) North Carolina State Board of Opticians.
27 (44) North Carolina State Hearing Aid Dealers and Fitters Board.
28 (45) North Carolina Substance Abuse Professional Practice Board.
29 (46) North Carolina Veterinary Medical Board.
30 (47) State Board of Barber Examiners.
31 (48) State Board of Certified Public Accountant Examiners.
32 (49) State Board of Chiropractic Examiners.
33 (50) State Board of Environmental Health Specialist Examiners.
34 (51) State Board of Examiners for Engineers and Surveyors.
35 (52) State Board of Examiners of Electrical Contractors.
36 (53) State Board of Examiners of Plumbing, Heating, and Fire Sprinkler
37 Contractors.
38 (54) State Board of Refrigeration Examiners.
39 (55) State Board of Registration for Foresters.
40 (56) State Licensing Board for General Contractors."

41 **SECTION 2.** G.S. 143B-426.39 reads as rewritten:

42 **"§ 143B-426.39. Powers and duties of the State Controller.**

43 The State Controller shall:

- 44 (1) Prescribe, develop, operate, and maintain in accordance with generally
45 accepted principles of governmental accounting, a uniform state accounting
46 system for all state agencies. The system shall be designed to assure
47 compliance with all legal and constitutional requirements including those
48 associated with the receipt and expenditure of, and the accountability for
49 public funds. The State Controller may elect to review a State agency's
50 compliance with prescribed uniform State accounting system standards, as

1 well as applicable legal and constitutional requirements related to compliance
2 with such standards.

- 3 (2) On the recommendation of the State Auditor, prescribe and supervise the
4 installation of any changes in the accounting systems of an agency that, in the
5 judgment of the State Controller, are necessary to secure and maintain internal
6 control and facilitate the recording of accounting data for the purpose of
7 preparing reliable and meaningful statements and reports. The State Controller
8 shall be responsible for seeing that a new system is designed to accumulate
9 information required for the preparation of budget reports and other financial
10 reports.

11 ...

- 12 (19) Develop and prescribe a uniform format for the reporting of the annual
13 financial audits required by G.S. 93B-2(b). The State Controller shall
14 prescribe the form of the audit reports, the categories and line items to be
15 reported, the accounting method to be used by the occupational licensing
16 boards, and any other criteria the State Controller deems necessary."

17 **SECTION 3.** In developing the financial audit reporting format for occupational
18 licensing boards required by Section 2 of this act, the State Controller shall consult with the State
19 Auditor and solicit feedback from occupational licensing boards. The State Controller shall make
20 the financial audit reporting format effective for reports submitted for the 2019-2020 fiscal year
21 at the latest.

22 **SECTION 4.** Chapter 93B of the General Statutes is amended by adding a new
23 section to read:

24 "**§ 93B-2.1. Fiscal year.**

25 Each occupational licensing board shall operate based on a fiscal year beginning on July 1
26 and ending on June 30."

27 **SECTION 5.** The State Controller shall consider whether to integrate occupational
28 licensing board financial audit reports into any new standard accounting system or accounting
29 software acquired and utilized by the State.

30 **SECTION 6.** G.S. 93B-2 reads as rewritten:

31 "**§ 93B-2. Annual reports and audits required; contents; open to inspection; sanction for**
32 **failure to report.**

33 (a) No later than October 31 of each year, each occupational licensing board shall file
34 electronically with the Secretary of State, the Attorney General, and the Joint Legislative
35 Administrative Procedure Oversight Committee an annual report containing all of the following
36 information:

- 37 (1) The address of the board, and the names of its members and officers.
38 (1a) The total number of licensees supervised by the board.
39 (2) The number of persons who applied to the board for examination.
40 (3) The number who were refused examination.
41 (4) The number who took the examination.
42 (5) The number to whom initial licenses were issued.
43 (5a) The number who failed the examination.
44 (6) The number who applied for license by reciprocity or comity.
45 (7) The number who were granted licenses by reciprocity or comity.
46 (7a) The number of official complaints received involving licensed and unlicensed
47 activities.
48 (7b) The number of disciplinary actions taken against licensees, or other actions
49 taken against nonlicensees, including injunctive relief.
50 (8) The number of licenses suspended or revoked.

- 1 (9) The number of licenses terminated for any reason other than failure to pay the
2 required renewal fee.
- 3 (10) The substance of any anticipated request by the occupational licensing board
4 to the General Assembly to amend statutes related to the occupational
5 licensing board.
- 6 (11) The substance of any anticipated change in rules adopted by the occupational
7 licensing board or the substance of any anticipated adoption of new rules by
8 the occupational licensing board.

9 (b) No later than October 31 of each year, each occupational licensing board shall ~~file~~
10 ~~electronically with the Secretary of State, the Attorney General,~~ conduct an annual financial audit
11 of its operations and provide an electronic copy of the audit to the State Auditor, the State
12 Controller, the Office of State Budget and Management, and the Joint Legislative Administrative
13 Procedure Oversight Committee a financial report that includes the source and amount of all
14 funds credited to the occupational licensing board and the purpose and amount of all funds
15 disbursed by the occupational licensing board during the previous fiscal year. ~~Committee. The~~
16 audit shall be conducted in compliance with the Generally Accepted Government Auditing
17 Standards developed by the United States Government Accountability Office and provided in a
18 form as prescribed by the State Controller pursuant to G.S. 143B-426.39.

19 (c) The reports required by this section shall be open to public inspection.

20 (d) The Joint Legislative Administrative Procedure Oversight Committee shall notify any
21 board that fails to file the reports required by this section. Failure of a board to comply with the
22 reporting requirements of this section by October 31 of each year shall result in a suspension of
23 the board's authority to expend any funds until such time as the board files the required reports.
24 Suspension of a board's authority to expend funds under this subsection shall not affect the
25 board's duty to issue and renew licenses or the validity of any application or license for which
26 fees have been tendered in accordance with law. Each board shall adopt rules establishing a
27 procedure for implementing this subsection and shall maintain an escrow account into which any
28 fees tendered during a board's period of suspension under this subsection shall be deposited."

29 **SECTION 7.** G.S. 93B-4 reads as rewritten:

30 "**§ 93B-4. Audit of Occupational Licensing Boards; Boards by the State Auditor; payment**
31 **of costs.**

32 (a) The State Auditor shall audit occupational licensing boards from time to time to
33 ensure their proper operation. The books, records, and operations of each occupational licensing
34 board shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147
35 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor may contract with
36 independent professionals to meet the requirements of this section. The State Auditor may
37 perform an audit pursuant to this section upon the recommendation of the Joint Legislative
38 Administrative Procedure Oversight Committee.

39 (b) ~~Each occupational licensing board with a budget of at least fifty thousand dollars~~
40 ~~(\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the State~~
41 ~~Auditor."~~

42 **SECTION 8.** Section 4 of this act becomes effective July 1, 2019, and applies to the
43 fiscal year beginning on that date. The remainder of this act is effective when it becomes law.