A BILL TO BE ENTITLED

AN ACT TO REFORM FINANCIAL REPORTING OF OCCUPATIONAL LICENSING BOARDS.

The General Assembly of North Carolina enacts:

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

§ 93B-1. Definitions; list of occupational licensing boards.
(a) As used in this Chapter: "License" means any license, certificate, or other evidence of qualification which an individual is required to obtain before he or she may engage in or represent himself or herself to be a member of a particular profession or occupation. A "license" does not include a privilege license.
(b) "Occupational licensing board" means any board, committee, commission, or other agency in North Carolina which is established for the primary purpose of regulating the entry of persons into, and/or the conduct of persons within, a particular profession or occupation, and which is authorized to issue licenses; "occupational licensing board" does not include State agencies, staffed by full-time State employees, which as a part of their regular functions may issue licenses. As used in this Chapter, "occupational licensing board" means any of the following:

(1) Acupuncture Licensing Board.
(2) Board of Examiners for Speech and Language Pathologists and Audiologists.
(3) Board of Law Examiners.
(4) Board of Podiatry Examiners.
(6) Midwifery Joint Subcommittee.
(7) Morehead City Navigation and Pilotage Commission.
(8) North Carolina Appraisal Board.
(9) North Carolina Auctioneers Commission.
(10) North Carolina Board for Licensing of Geologists.
(11) North Carolina Board for Licensing of Soil Scientists.
(12) North Carolina Board of Architecture.
(13) North Carolina Board of Athletic Trainer Examiners.
(14) North Carolina Board of Cosmetic Art Examiners.
(15) North Carolina Board of Dietetics/Nutrition.
(16) North Carolina Board of Electrolysis Examiners.
(17) North Carolina Board of Funeral Service.
(18) North Carolina Board of Landscape Architects.
(19) North Carolina Board of Licensed Professional Counselors.
SECTION 2. G.S. 143B-426.39 reads as rewritten:

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

The State Controller shall:

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

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

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

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

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

"§ 93B-2.1. Fiscal year. Each occupational licensing board shall operate based on a fiscal year beginning on July 1
and ending on June 30."

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

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

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

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

(1) The address of the board, and the names of its members and officers.
(1a) The total number of licensees supervised by the board.
(2) The number of persons who applied to the board for examination.
(3) The number who were refused examination.
(4) The number who took the examination.
(5) The number to whom initial licenses were issued.
(5a) The number who failed the examination.
(6) The number who applied for license by reciprocity or comity.
(7) The number who were granted licenses by reciprocity or comity.
(7a) The number of official complaints received involving licensed and unlicensed
activities.
(7b) The number of disciplinary actions taken against licensees, or other actions
taken against nonlicensees, including injunctive relief.
(8) The number of licenses suspended or revoked.
(9) The number of licenses terminated for any reason other than failure to pay the required renewal fee.

(10) The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.

(11) The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board.

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

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

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

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

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

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

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

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