

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

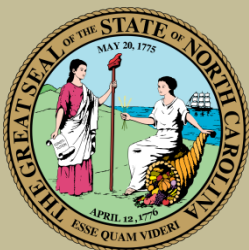
BETH A. WOOD, CPA



EMPLOYEES' ASSOCIATIONS

RALEIGH, NORTH CAROLINA

REPORT OF TOTAL MEMBERSHIP COUNT OF EMPLOYEES' ASSOCIATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019



NCOSA
The Taxpayers' Watchdog



TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANT'S REPORT ON TOTAL MEMBERSHIPS	1
ORDERING INFORMATION	4

Beth A. Wood, CPA
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax: (919) 807-7647
<https://www.auditor.nc.gov>

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the North Carolina General Assembly
North Carolina

We have performed the procedures enumerated below, which were required under House Bill 1133 – Section 62.(b) (Technical Corrections Bill) solely to fulfill the State Auditor's statutory obligation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results/findings are as follows:

Responsibilities under House Bill 1133

Per Session Law 2014-155, in 2014, the North Carolina General Assembly issued House Bill 1133. The G.S. 143B-426.40A(g), as amended reads as rewritten the following:

(g) Payroll Deduction for Payments to Certain Employees' Associations Allowed - An employee of the State or any of its political subdivisions, institutions, departments, bureaus, agencies or commissions, or any of its local boards of education or community colleges, who is a member of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, may authorize, in writing, the periodic deduction each payroll period from the employee's salary or wages a designated lump sum to be paid to the employees' association. A political subdivision may also allow periodic deductions for a domiciled employees' association that does not otherwise meet the minimum membership requirements set forth in this paragraph. The total membership count and the State, political subdivision of the State, or public school employee membership count of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, shall be verified and certified annually by the State Auditor.

An employee of any local board of education who is a member of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, may authorize in writing the periodic deduction each payroll period from the employee's salary or wages a designated lump sum or sums to be paid for dues and voluntary contributions for

the employees' association. The total membership count and the public school teacher membership count of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, shall be verified and certified annually by the State Auditor.

An authorization under this subsection shall remain in effect until revoked by the employee. A plan of payroll deductions pursuant to this subsection for employees of the State and other association members shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit. This subsection does not apply to county or municipal governments or any local governmental unit, except for local boards of education.

Procedures

We performed the following:

- Reviewed House Bill 1133 that amended G.S. 143B-426.40A(g). We also reviewed the State Auditor's responsibilities to verify and certify the following:
 - For domiciled¹ employees' association with at least 2,000 members (500 of whom are employees of the State, a political subdivision² of the State, or public school employees), the total membership count and type of membership count.
 - For domiciled employees' association with at least 40,000 members (majority of whom are public school teachers), the total membership count and public school teacher membership count.
- Attempted to obtain an official listing of domiciled employees' associations, but one was not available.
- Requested payroll deduction reports from all state agencies, community colleges, universities, local education agencies, and the University of North Carolina Hospitals to identify those domiciled employees' associations with members whom have authorized the periodic deduction each payroll period an amount to be paid to the employees' association. The requested information would identify those employees' associations that are subject to House Bill 1133.
- Requested the total membership count, including employee name and employer, from each employees' association identified in the payroll deduction reports. The requested information would provide the total membership counts and type of membership count by association.
- Compiled membership counts by employees' association using the December 2019 information provided from payroll deduction reports and employees' associations as identified in Table 1.

Results

We were not able to verify and certify the total membership count and type of membership count and/or public school teacher membership count due to the following restrictions:

¹ In law, domicile is the status or attribution of being a permanent resident in a particular jurisdiction. A person can remain domiciled in a jurisdiction even after they have left it, if they have maintained sufficient links with that jurisdiction or have not displayed an intention to leave permanently (i.e., if that person has moved to a different state, but has not yet formed an intention to remain there indefinitely).

² Political Subdivisions are local governments created by the states to help fulfill their obligations. Political subdivisions include counties, cities, towns, villages, and special districts such as school districts, water districts, park districts, and airport districts.

- There are no known reports or central reporting mechanism for employees' associations that compile and collectively present the required information in a format that would enable us to apply certain audit procedures to verify and certify the membership counts and type of employee.
- There is no centralized authorization or formal oversight to ensure that payroll deductions are executed in accordance with this law.
- After initial and numerous follow up requests were made for approximately six months, several local education agencies did not respond and provide payroll deduction reports.
- The State Auditor's Office does not have the authority to compel employees' associations (private entities) to provide this type of information. For instance, the North Carolina Association of Educators (NCAE) refused to furnish the information based on the premise of lack of authority.
- Several local education agencies and employees' associations that did respond to the State Auditor's requests provided inconsistent and/or incomplete information.

Table 1

Employees' Association	Total Members	Total Members on Payroll Deduction
State Employees Association of North Carolina (SEANC)	47,159	24,484
North Carolina Association of Educators (NCAE)	*	6,083
NC Troopers Association (NCTA)	1,174	1,136
NC Public Service Workers Union (UE Local 150)	5,412	715
Correctional Peace Officers Foundation (CPOF)	2,862	2,862
Southern States Police Benevolent Association (SSPBA)	13,847	4,933
Teamsters Local 71	39	39
Teamsters Local 391	8,113	900
Professional Educators of NC (PENC)	3,731	892
North Carolina Classroom Teacher's Association (NCCTA)	3,710	209
School Bus Drivers Association (SBDA)	39	39

* Association refused to provide membership information

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Employee Associations' compliance with payroll deductions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of our procedures required under House Bill 1133 – Section 62.(b) (Technical Corrections Bill) to fulfill the State Auditor's statutory obligation. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 10, 2021

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

Telephone: 919-807-7500
Facsimile: 919-807-7647
Internet: <http://www.auditor.nc.gov>



To report alleged incidents of fraud, waste or abuse in state government contact the
Office of the State Auditor Fraud Hotline:

Telephone: 1-800-730-8477

Internet: <http://www.auditor.nc.gov/pub42/Hotline.aspx>

For additional information contact the
North Carolina Office of the State Auditor at:
919-807-7666



This audit required 214.5 hours at an approximate cost of \$22,308.