

STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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November 23, 2005

Ms. Trudy Brown, Chairperson
North Carolina Board of Electrolysis Examiners
803 N. Main Street, Suite A
High Point, North Carolina 27262

Dear Ms. Brown:

We received allegations through the State Auditor's Hotline concerning the North Carolina Board of Electrolysis Examiners. We have completed a special review of these allegations and are presenting the following findings and recommendations for your review and written response.

Annual Reports

After contacting the Secretary of State's office, we learned that no annual reports were on file for the Board of Electrolysis Examiners. Further conversation with a representative of the Secretary of State's office indicates the Board has never filed annual reports.

NCGS §93B-2 Annual Reports required; contents; open to inspection Each occupational licensing board shall file with the Secretary of State and with the Attorney General an annual financial report, and an annual report containing the following information: (1) The address of the board, and the names of its members and officers; (2) The number of persons who applied to the board for examinations; (3) The number who were refused examinations; (4) The number who took the examination; (5) The number to whom initial licenses were issued; (6) The number who applied for license by reciprocity or comity; (7) The number who were granted licenses by reciprocity or comity; (8) The number of licenses suspended or revoked; and (9) The number of licenses terminated for any reason other than failure to pay the required renewal fee. The reports required by this section shall be open to public inspection.

We recommend the Board take the necessary steps to comply with the statutory requirement to file an annual financial report as well as an annual report containing the above information..

Official Meeting Schedule

There was no schedule of regular meeting times or notice of unscheduled meetings on file with the Secretary of State's office. The file only included notice for a meeting to be held on June 30, 2003. The Chairperson of the Board said that proper notice was given for a non-scheduled

meeting held on April 25, 2005. However, there is no documentation to support that assertion.

NCGS §143-318.12(a)Public notice of official meetings If a public body has established, ordinance, resolution, or otherwise, a schedule of regular meetings, it shall cause a copy of that schedule, showing the time and place of regular meetings kept on file as follows: (1) For public bodies that are part of state government, with the Secretary of State. (b) If a public body holds an official meeting at any other time or place other than a time or place shown on the schedule filed pursuant to subsection (a) of this section, it shall give public notice of the time and place of that meeting as provided in this subsection. (2) For any other meeting, except an emergency meeting, the public body shall cause written notice of the meeting stating its purpose (i) to be posted on the principal bulletin board of the public body or, if the public body has no such bulletin board, at the door of its usual meeting room, and (ii) to be mailed or delivered to each newspaper, wire service, radio station, and television station, which has filed a written request for notice with the clerk or secretary of the public body or with some other person designated by the public body. The public body shall also cause notice to be mailed or delivered to any person, in addition to the representatives of the media listed above, who has filed a written request with the clerk, secretary, or other person designated by the public body. This notice shall be posted and mailed or delivered at least 48 hours before the time of the meeting. The public body shall charge a fee to persons other than the media, who request notice, of ten dollars (\$10.00) per calendar year, and may require them to renew their requests quarterly.

The Board should comply with the statutory mandate to file a schedule of all regular board meetings with the Secretary of State. The Board should also maintain documentation that proper notice is given for any non-scheduled meetings.

Statement of Economic Interest

According to a representative with the North Carolina Board of Ethics, only newly appointed board member Margaret Wingate has an up-to-date Statement of Economic Interest (Statement) on file. Board Members Melissa Smith and Maxine Hammonds have not filed their current year Statement which was due on May 15, 2005. The Board of Ethics' records also indicate that Board Chairperson Trudy Brown has not filed a Statement since 2002.

Executive Order Number One - Section 9 Statement of Economic Interest (a)

Each of the following Public Officials shall file with the Board of Ethics a sworn statement of Economic Interest ("Statement"): (1) Public Officials appointed by the Governor to a board, commission, or council... (3) Public Officials appointed or employed whose position is determined by the board to be particularly susceptible to conflicts of interest... (5) Prospective members of the board. (b) between April 15 and

Ms. Trudy Brown, Chairperson
November 23, 2005
Page 3

May 15 of each succeeding year after the persons identified in (a) above are appointed or employed, an updated Statement shall be filed with the Board.

We recommend that all Board members submit a "Supplemental Statement of Economic Interest" or a "No-Change Form" to the North Carolina Board of Ethics to comply with the above requirement.

Please provide your written response to these findings and recommendations, including corrective actions taken or planned, by December 7, 2005.

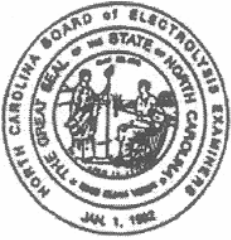
In accordance with General Statute §147-64.6(c) (12), the Governor, the Attorney General and other appropriate officials will receive copies of this management letter.

If you have any questions or wish to discuss this matter further, please contact us.

Sincerely,

A handwritten signature in black ink that reads "Leslie W. Merritt, Jr." in a cursive script.

Leslie W. Merritt Jr., CPA, CFP
State Auditor



NORTH CAROLINA BOARD OF ELECTROLYSIS EXAMINERS
Pinehurst Building, Box 34, 2 Centerview Drive, Greensboro, NC 27407
Office: 336 856-1010 (E-mail: nbeexam@yahoo.com)

December 12, 2005

Leslie W. Merritt, Jr., CPA, CFP
State Auditor
2 S. Salisbury Street
Raleigh, N.C. 27699-0601

Dear Mr. Merritt:

Please forgive my delay in responding to your letter dated November 23, 2005. I was late in receiving your letter and have been working on complying to your recommendations.

In regard to Annual Reports I have a draft for the Secretary of State's Office for last year and I am currently working on a report for this year. However, we have sent the address of the board and names of members and officers each year. I don't understand why they do not have it on file. Each time they have sent me a fax for the information and I have updated and faxed it back to them. The other information such as number of persons applied to the board for examination and etc. I have been sending quarterly to the North Carolina Department of Commerce. I will complete the report and send to the Secretary of State's Office. In following your recommendations to comply with the statutory requirement to file an annual financial report we have engaged a CPA and are working to complete and update all the reports as soon as possible. Please see the enclosed letter from the CPA.

Official Meeting Schedule

Enclosed is the response from the Secretary of State's Office confirming our next meeting of January 14, 2006 is on file. I thought the regular meetings of January and July were sent to the Secretary of State and the April 2005 meeting by email. I never thought to confirm they received them. In the future I will personally send the notices and confirm the receipt. I tried to look back on my emails to find them and I was not able to find them. I then looked the information up again and sent the January 14, 2006 and contacted them to confirm. The NCBEE regular meetings are posted in the GPEA and EANC newsletters which is mailed to the electrologists in North Carolina. The April 25, 2005 meeting notice was sent to the State Associations in North Carolina and to the President's of the Associations. This has been the normal procedure in the past.

Enclosed is the April 14th email sent to the State Electrology Associations notifying them of the April 25, 2005 meeting. I did notice a typing error of the date and that was corrected. The April 25, 2005 NCBEE meeting had more people at that meeting than any other meeting of NCBEE that I have ever attended. Please be assured in the future we will confirm with the Secretary of State's Office that all notices of meeting have been

Page 2
State Auditor

filed and posted. See enclosed confirmation for the January 14, 2006 meeting. I have purchased a bulletin board for the board's office to post future notices to further comply.

Statement of Economic Interest

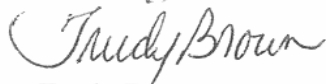
Enclosed is a copy confirming my Statement was filed. Melissa Smith informed me she sent her notarized short form about one month ago. In addition, Maxine Hammonds is in the process.

When I was appointed to the NCBEE the entire contents of the board office including records, desk, computer, etc. were in a storage building. I had to lease an office and hire a moving company to move everything into an office. It took months of sorting records, etc. to get things in a working matter. The first secretary I hired quit because of the difficulty in getting everything in some type of order. The Bills were past due and I had to pay past due amounts out of my pocket to get the board caught up. I have worked extremely hard to bring the board where it is today. Today Bills are paid on time, checks are deposited on time, pre-certification and certification of monthly reports are on time and we have a permanent office. In addition, requests for information such as license applications etc. are sent out upon request in a timely manner. We have a part time secretary that works four hours a day two days a week. The license examinations are given on time and our meetings are held professionally. Before my term on the board our last Physician member quit after attending one meeting and we have had difficulty getting a physician member to serve. We are working with the Medical Board to make an appointment so we will have a full board.

The NCBEE has made a lot of progress as of this date. I am working on correcting and complying with your recommendations and to comply with the statutory requirements.

We appreciate your patience and your recommendations.

Sincerely,



Trudy Brown, LEI
Chairman

Cc: Mr. Frank Dziepak