



STATE OF NORTH CAROLINA

INVESTIGATIVE REPORT

NORTH CAROLINA BOARD OF FUNERAL SERVICE

RALEIGH, NORTH CAROLINA

OCTOBER 2009

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

STATE AUDITOR

INVESTIGATIVE REPORT

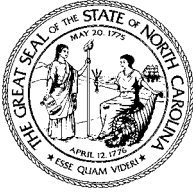
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State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Beverly Perdue, Governor
Mr. Larry Andrews, President, Board of Directors, North Carolina Board of Funeral Service
Members of the North Carolina General Assembly

Ladies and Gentlemen:

Pursuant to General Statute § 147-64.6(c)(16), we have completed our investigation of the North Carolina Board of Funeral Service. The results of our investigation, along with a recommendation for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General and other appropriate officials in accordance with North Carolina General Statute § 147-64.6 (c) (12).

Respectfully submitted,

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA
State Auditor

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INTRODUCTION

The Office of the State Auditor received several allegations through the *State Auditor's Hotline* concerning the operations of the North Carolina Board of Funeral Service (Board). The allegations included an assertion that the Board did not adequately prepare and maintain minutes of closed session meetings in violation of state regulations.

To conduct our investigation of the allegations, we performed the following procedures:

- Examination of relevant documents and records of the Board.
- Interviews with Board members, the Executive Director, and other Board staff.
- Review of applicable North Carolina General Statutes and Board guidelines.

This report presents the results of our investigation. The investigation was conducted pursuant to North Carolina General Statute § 147-64.6 (c) (16) rather than as a financial or performance audit.

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ORGANIZATION OVERVIEW

The North Carolina Board of Funeral Service (Board) was established under the provisions of Chapter 90 of the North Carolina General Statutes to administer and regulate the profession of funeral service in North Carolina. The Board is composed of nine members appointed by the Governor and the General Assembly. The Governor appoints seven members of the Board. One member is appointed by the General Assembly on the recommendation of the President Pro Tempore of the Senate, and one member is appointed by the General Assembly on the recommendation of the Speaker of the House. Members serve staggered three year terms and no member may serve more than two consecutive terms.¹

The Board employs 13 full-time staff. The staff supports Board operations including review of applications, administering of examinations, licensing of qualified applicants, and regulation of the professional practice of the licensees throughout the State. The Board receives and investigates consumer complaints of improper activity. Complaints requiring further action are scheduled for a hearing before the Board.

Board meetings are usually held at the Board's offices in Raleigh but occasionally Board meetings are held in other locations in North Carolina. The meetings are open to the public although the Board may need to conduct some business in closed session in compliance with North Carolina General Statute § 143-318.11.

¹ www.ncfbs.org

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FINDING AND RECOMMENDATION

1. FAILURE TO MAINTAIN MINUTES OF CLOSED SESSIONS

The North Carolina Board of Funeral Service did not adequately prepare and maintain meeting minutes of closed sessions in violation of North Carolina General Statute § 143-318.10(e). This violation of State law results in a lack of transparency and accountability.

North Carolina General Statute § 143-318.10(e) requires that “every public body shall keep full and accurate minutes of all official meetings including any closed sessions held pursuant to G.S. 143-318.11.” The law also requires that “When a public body meets in closed session, it shall keep a general account of the closed session so that a person not in attendance would have a reasonable understanding of what transpired.”

Our review of the Board minutes for the past five years revealed that the Board did not keep “full and accurate minutes” of closed sessions. The Board’s Executive Director said that he and the Board were aware of this requirement for the Board Secretary to prepare and maintain minutes of closed sessions. The Executive Director said the Board’s current and prior three Secretaries took notes but could not locate them. The Executive Director said the Secretaries acknowledged that formal (typed) minutes of the closed sessions had not been prepared.

RECOMMENDATION

The Board of Funeral Service should ensure that full and accurate minutes of closed sessions of Board meetings are adequately prepared and maintained in compliance with North Carolina General Statutes § 143-318.10(e) and 143-318.11.

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**NORTH CAROLINA
BOARD OF FUNERAL SERVICE**

October 16, 2009

The Honorable Beth A. Wood, CPA
State Auditor
Office of State Auditor
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear Ms. Wood,

This letter is in response to your recent letter containing findings and recommendation regarding closed session minutes of the Board of Funeral Service.

The Board acknowledges its inconsistencies in the preparation and maintenance of formal (typed) closed session minutes prior to your investigation.

CORRECTIVE ACTIONS: For all future closed sessions, the presiding officer will direct the secretary or, in the absence of the secretary, another board member to make written notes during the closed session. This directive will be made in open session prior to entering the closed session. Board staff will transcribe the written notes to a formal record that will be reviewed and signed by the presiding officer and secretary or person acting as such. The formal record and hand written notes will be maintained in the Board offices in a book specifically designated for closed session minutes.

Thank you for the efforts of your staff in conducting this investigation. We will continue to make every effort to see that the Board and its staff continue to operate in accordance with all applicable statutes, regulations and best practices in government operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry R. Andrews".

Larry R. Andrews
President

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ORDERING INFORMATION

Copies of this report may be obtained by contacting the:

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