

**PERFORMANCE AUDIT  
OF THE  
NORTH CAROLINA STATE BOARD OF  
COSMETIC ART EXAMINERS**

**December 1996**

We have conducted a performance audit of the North Carolina State Board of Cosmetic Art Examiners (Board). This audit was requested by the 1995 session of the General Assembly and was a follow-up to a financial audit of Board operations for the years ended June 30, 1994, and June 30, 1995, issued by the Office of the State Auditor in June 1996. The scope of the audit encompassed all aspects of the operations of the Board. We examined operating policies, practices, control activities and current organizational structure and staffing. The focus of our audit was to identify areas where the effectiveness and efficiency of Board operations could be improved. The audit includes information from FY90-91 through FY95-96. Our fieldwork was conducted between August 19, 1996, through October 20, 1996.

<i><b>Finding</b></i>	<i><b>Page</b></i>
<b>THE ROLE OF THE STATE BOARD OF COSMETIC ART EXAMINERS NEEDS TO BE CLEARLY DEFINED.</b>	<b>7</b>
<b>THE BOARD DOES NOT HAVE A LONG-RANGE PLAN FOR ITS OPERATIONS.</b>	<b>7</b>
<b>CURRENT LICENSE RENEWAL PROCEDURES HAMPER OPERATIONAL EFFICIENCY.</b>	<b>8</b>
<b>THE CURRENT FEE STRUCTURE IS INADEQUATE TO SUPPORT THE OPERATIONS OF THE BOARD.</b>	<b>9</b>
<b>THE BOARD'S ENFORCEMENT OPTIONS ARE INEFFECTIVE.</b>	<b>10</b>
<b>INCORRECT EXAMINATION RESULTS WERE PROVIDED CANDIDATES.</b>	<b>12</b>
<b>INSPECTIONS ARE NOT BEING PERFORMED TIMELY AS REQUIRED BY REGULATIONS.</b>	<b>13</b>
<b>GRADES GIVEN COSMETOLOGY SALONS MAY NOT REFLECT ACTUAL CONDITIONS.</b>	<b>15</b>
<b>INSPECTORS HAVE NOT BEEN ADEQUATELY SUPERVISED OR MONITORED.</b>	<b>17</b>
<b>THE BOARD IS NOT CONSISTENTLY INVESTIGATING COMPLAINTS.</b>	<b>18</b>
<b>THE BOARD'S RESPONSIBILITIES FOR MANICURIST ARE UNCLEAR.</b>	<b>19</b>
<b>LACK OF TECHNOLOGY HAS RESULTED IN INEFFICIENT OPERATIONS.</b>	<b>20</b>

<b>CHANGES ARE NEEDED TO THE LICENSE TO ENSURE LICENSEES' PRIVACY AND TO IMPROVE RECORD KEEPING.</b>	<b>20</b>
<b>TIME RECORDS KEPT BY THE BOARD STAFF MAY NOT BE AN ACCURATE REFLECTION OF TIME WORKED.</b>	<b>21</b>
<b>THE BOARD MAY NOT HAVE ADEQUATE CONTROLS IN PLACE TO PREVENT MISAPPROPRIATION OF STATE FUNDS.</b>	<b>22</b>
<b>THERE ARE NOT PROCEDURES FOR REFERRALS OF POTENTIAL PROBLEMS TO OTHER AGENCIES.</b>	<b>23</b>
<b>BOARD PERSONNEL FILES ARE NOT CENTRALLY LOCATED AND MAY NOT CONTAIN THE NECESSARY INFORMATION.</b>	<b>24</b>

### ***ISSUES FOR FURTHER STUDY***

During the audit, we identified several issues outside the scope which we feel should be reviewed in more detail. We recommend the Legislative Commission studying licensing boards consider these issues:

<b><i>Issue</i></b>	<b><i>Page</i></b>
<b>SEVERAL TYPES OF "COSMETIC" SERVICES ARE NOT REGULATED.</b>	<b>25</b>
<b>THE FEASIBILITY OF CONSOLIDATING SIMILAR REGULATORY BOARDS SHOULD BE EXAMINED.</b>	<b>25</b>
<b>THERE IS A NEED TO REVISIT THE ISSUE OF WHETHER EMPLOYEES OF REGULATORY AND LICENSING BOARDS SHOULD RECEIVE STATE RETIREMENT AND HEALTH BENEFITS.</b>	<b>26</b>