

# STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

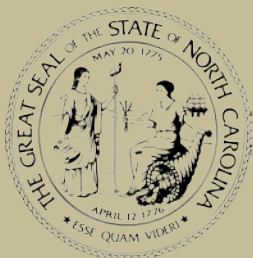
BETH A. WOOD, CPA



## EMPLOYEE ASSOCIATIONS

RALEIGH, NORTH CAROLINA

REPORT OF TOTAL MEMBERSHIP COUNT OF EMPLOYEE ASSOCIATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015



**NC OSA**  
The Taxpayers' Watchdog



Beth A. Wood, CPA  
State Auditor

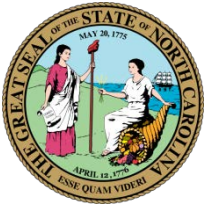
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Article V, Chapter 147 of the *North Carolina General Statutes*, gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency. The Auditor also has the power to summon people to produce records and to answer questions under oath.

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

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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 government 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 domiciled<sup>1</sup> employees' association with at least 2,000 members (500 of whom are employees of the State, a political subdivision<sup>2</sup> 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.
- Obtained payroll deduction reports from all state agencies and local education agencies 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. Employee associations identified are included in Table 1.
- Requested the total membership count, including employee name and employer, from each employee's association identified. The requested information would provide the

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<sup>1</sup> 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).

<sup>2</sup> 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.

total membership counts and type of membership count. We obtained and compiled a membership file as of December 2015 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:

- There are no known reports or central reporting mechanism for employee 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.
- We were unable to obtain the total membership count and type of membership count from the North Carolina Association of Educators (NCAE). The NCAE refused to furnish the information. We do not have the authority to compel NCAE to turn over this information because, as a private entity, NCAE does not fall under the authority of the State Auditor. However, NCAE reported a total membership count of approximately 70,000 on their website as of December 4, 2016. We were not able to confirm this membership count.

TABLE 1

Employees' Association	Total Members	Total Members on Payroll Deduction
State Employees Association of North Carolina (SEANC)	51,409	29,432
North Carolina Association of Educators (NCAE)	*	7,331
NC Troopers Association (NCTA)	1,883	1,072
NC Public Service Workers Union (UE Local 150)	3,105	591
Correctional Peace Officers Foundation (CPOF)	2,142	2,142
Southern States Police Benevolent Association (SSPBA)	9,359	3,396
Teamsters Local 71	92	64
Teamsters Local 392	8,013	724
Professional Educators of NC (PENC)	4,790	1,668
Chapel Hill-Carborro Federation of Teachers	**	31
North Carolina Association of Teacher Assistants	1,388	70
North Carolina Classroom Teacher's Association	3,449	289
School Bus Drivers Association	45	45

\* - Association refused to provide membership information

\*\* - Association never responded to requests for membership information

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

This report is intended solely for the information and use of the North Carolina General Assembly and is not intended to be and should not be used by anyone other than these specified parties.

BETH A. WOOD, CPA  
STATE AUDITOR

A handwritten signature in black ink that reads "Beth A. Wood". The signature is written in a cursive style with a large initial 'B'.

Raleigh, North Carolina

December 20, 2016

# ORDERING INFORMATION

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