



FOLLOW-UP REPORT



A Review of the Professional and Occupational Licensing Division at the Department of Labor, Licensing and Regulation

INTRODUCTION

This is a follow-up of the 2011 audit, *A Review of the Professional and Occupational Licensing Division at the Department of Labor, Licensing and Regulation*. The report focused on the operations of the professional and occupational licensing division and the financial status of the boards in the division. The division included 40 separate professional and occupational licensing boards. The Department of Labor, Licensing and Regulation (LLR) is responsible for the administrative functions of the boards, while the boards' responsibilities include setting the criteria for licensure and disciplining licensees.

We found that LLR had not effectively monitored a contract to purchase a licensing management system and was not utilizing the capabilities of a system for broadcasting and recording board meetings. Board administrators should approve direct expenditures charged to their boards. The boards should review their fee structures to determine if their licensing fees can be adjusted and conduct audits of licensees' continuing education. LLR should also update the investigative database to ensure the information is accurate.

RECOMMENDATIONS AND CURRENT STATUS

LAC RECOMMENDATIONS	
Implemented	9
In Progress	2
Not Implemented	2
TOTAL	13

1. *The Department of Labor, Licensing and Regulation should ensure that only authorized officials sign all change orders for contracts.* **IMPLEMENTED**

LLR has implemented a policy requiring that the agency director, or designee, and the procurement manager at the Budget and Control Board sign change orders for contracts. We found that this policy was followed when LLR executed a change order to a contract for security guard services.

2. *The Department of Labor, Licensing and Regulation and the Budget and Control Board should continue to pursue acquisition of services or reimbursement from the vendor.* **IMPLEMENTED**

LLR signed a settlement agreement with the vendor for the licensing management system which resolves the claims. The vendor agreed to pay \$900,000 in six annual installments from 2012 to 2017.

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3. *The Department of Labor, Licensing and Regulation should ensure that payment to vendors corresponds with the agreed-upon payment schedule for deliverables provided.* IMPLEMENTED

LLR has a policy which requires the agency's procurement manager to monitor contracts and notify the agency's director if timelines or other contractual issues are not met.

4. *The Department of Labor, Licensing and Regulation and the Budget and Control Board should ensure that they include the maintenance fee of almost \$120,000 in the total amount requested for reimbursement.* IMPLEMENTED

LLR included the maintenance fee in the total amount requested for reimbursement. This claim was resolved in the settlement agreement with the vendor.

5. *The Department of Labor, Licensing and Regulation and the Budget and Control Board should follow the recommendations of financial analysts when selecting, monitoring, and paying vendors.* IMPLEMENTED

LLR has implemented a policy which states that the agency should follow the recommendations of financial analysts during the evaluation process for vendor selection, performance monitoring, and scheduled payments.

6. *The Department of Labor, Licensing and Regulation should include penalties for noncompliance by vendors in the terms of contracts.* IN PROGRESS

According to an LLR official, the agency uses the standard clauses included in state contracts. LLR plans to work with the Budget and Control Board to include liquidated damages provisions in contracts with deliverables which exceed the agency's certification level.

7. *The Department of Labor, Licensing and Regulation should include agendas for all recorded and archived board meetings on its website.* NOT IMPLEMENTED

8. *The Department of Labor, Licensing and Regulation should increase the number of board meetings recorded using the meeting management system.* NOT IMPLEMENTED

The agency did not renew the video recording contract due to lack of use by the public and to better use agency resources to provide the information to the public in an alternate format. According to LLR, this saves the agency \$25,000 annually. However, the agency only recorded 21% of the meetings from November 2008 through February 2011. By not fully utilizing the system, the department may not have made available the information wanted by the public.

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9. *The Department of Labor, Licensing and Regulation should implement procedures to ensure that board administrators approve all expenditures paid from their boards' revenues.* IMPLEMENTED

Board administrators manually approve invoices for payment as well as electronically approve purchases made through the state's accounting and purchasing system.

10. *The Department of Labor, Licensing and Regulation should ensure that the revised board expenditure allocations for non-revenue-generating divisions are implemented accurately.* IMPLEMENTED

LLR continues to adjust the allocations for the non-revenue-generating divisions to reflect changes in which cost centers are charged. According to an agency official, staff reviews the calculations monthly to ensure they are accurate and makes adjustments as needed.

11. *The professional and occupational licensing boards of the Department of Labor, Licensing and Regulation should review their license and renewal fee structures to determine if fees should be adjusted, in accordance with S.C. Code §40-1-50(D).* IMPLEMENTED

LLR has filed proposed regulations in the State Register in November 2013 to add a chapter to the S.C. Code of Regulations to include the fee schedules for 41 professional and occupational licensing boards to adjust the fees in accordance with S.C. Code §40-1-50. Eight of the boards have reduced or proposed to reduce some fees through regulations. LLR estimates that the reduction of licensing fees will result in about \$1 million in savings over each renewal cycle.

12. *The professional and occupational licensing boards of the Department of Labor, Licensing and Regulation should regularly audit licensees' continuing education and document the audit process.* IN PROGRESS

According to an LLR official, auditing of continuing education of licensees varies by board. LLR has developed a continuing education audit tracker in the licensing system to assist boards in documenting the audit process.

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13. The Department of Labor, Licensing and Regulation should ensure all employees follow the formal policy governing the investigative process that requires them to update the database after each step to ensure accuracy of information. **IMPLEMENTED**

For both inspectors and investigators, the position descriptions require them to enter all investigative or inspection information into the Regulatory Licensing and Enforcement System (ReLaes). According to the agency, the chief investigators perform random database audits to ensure information is updated, review database entries at monthly meetings, and rate the investigators on this requirement as part of their performance evaluations.

This follow-up was limited to the issues in the 2011 audit for which we made recommendations. We received information from relevant agencies regarding the implementation of the recommendations in the audit. We reviewed this and other information, and verified evidence supporting the agency information as appropriate.

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