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APRIL 16, 2018
LEGISLATIVE AUDIT REPORT

DIVISION of LABOR *Reciprocity Agreements*

POST AUDIT STAFF CONTRIBUTORS

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GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

POST AUDIT DIVISION
Director, Denny Rhodes

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE

Post Audit Division

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Denny Rhodes
Director

April 16, 2018

The Honorable Mitch Carmichael, President
West Virginia State Senate
Post Audits Subcommittee Co-Chair
Room 229M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Timothy Armstead, Speaker
West Virginia House of Delegates
Post Audits Subcommittee, Co-Chair
Room 228M, Building 1
State Capitol Complex
Charleston, WV 25305

Dear Mr. President and Mr. Speaker:

The Chairman of the House Committee on Government Organization reported an issue to our office in January 2018 concerning an electrical contractor that relocated to West Virginia from the state of Virginia. The issue was that the electrical contractor's West Virginia Master Electrician License issued to him by the West Virginia State Fire Marshal's Office through a reciprocity agreement with the State of Virginia was not accepted by the West Virginia Division of Labor. This was due to the fact the West Virginia Division of Labor itself does not have a reciprocity agreement with the State of Virginia, even though the Labor Division does have a reciprocity agreement with the State Fire Marshal. Without this acceptance by the Division of Labor, the individual was limited to performing jobs that were less than \$2,500 until he received his Contractor License through the Division of Labor.

The Contractor Licensing Board and West Virginia Division of Labor Have Limited Reciprocity Agreements with Other States.

The West Virginia Contractor Licensing Board is the licensing entity for various trade contractors in this state. The West Virginia Division of Labor acts as the compliance arm of the Contractor Licensing Board. Generally, to obtain a contractor's license in West Virginia an applicant must successfully complete the Contractor Licensing Board's ***Business & Law Exam***, as well as the proficiency exam for the applicant's specific trade. However, existing reciprocity agreements with other states may permit contractors licensed in those states to obtain a West Virginia contractor's license without completing such exams—although some agreements only waive the trade exam requirement.

When the electrician reporting the issue inquired about getting an ***Electrical Contractor's License***, he was informed by a Division of Labor employee that, in addition to the standard business law exam, the electrician must also pass the Licensing Board's electrical contractor's exam. Unlike the State Fire Marshal's Office which does have reciprocity agreements with the states of North Carolina, Virginia, Maryland, Ohio, and Kentucky; the Licensing Board only has reciprocity agreements with North Carolina and Ohio and does not have a reciprocal agreement with Virginia for electrical contractors. Historically, the Board has not granted a waiver on the contractor's electrical exam if the Fire Marshal's Office granted a license through reciprocity with a state in which the Licensing Board has no such reciprocity agreement. Considering these circumstances, **the Legislative Auditor made various inquiries to determine if there were unwarranted impediments to applicants obtaining their West Virginia *Electrical Contractors License* through reciprocity.**

The Trade Exam Was Waived for the Applicant by the Commissioner of the Division of Labor.

The Legislative Auditor contacted the Commissioner of the Division of Labor and recounted the circumstances of the electrician's application for an ***Electrical Contractor's License***. The Commissioner stated that assuming the applicant could offer satisfactory support for his claim, the applicant would only need to pass the ***Business & Law*** exam to obtain his West Virginia contractor license with the electrical classification. The Commissioner added that if the Fire Marshal issues a Master Electrician license to the applicant through reciprocity, **then the applicant should not be required to take the electrical proficiency exam to become a licensed contractor in this State.** It should be noted, however, that the Commissioner's position on this is not the Board's documented policy nor practice.

The Commissioner subsequently informed us that he contacted the applicant and advised him he could use his WV Fire Marshal Master Electrician license in lieu of taking the electrical exam, and that he would receive his West Virginia electrical contractor's License. Although in this case the Commissioner waived the requirement that the electrician pass the Board's electrical exam, the policy initially barring the electrician from obtaining his electrical contractor's license without successfully completing the Board's electrical exam remains in effect. The attachment entitled "Reciprocity Information," prepared for us by the Commissioner of the Division of Labor, states:

A person, with proof of successfully passing the West Virginia Fire Marshal master electrician examination, can acquire a contractor license with the

*electrical classification after passing the West Virginia business and law exam.
(Emphasis Added)*

The policy **does not** waive the Contractor Board's electrical exam if the applicant obtained a **Master Electrician License** from the Fire Marshal via reciprocity.

The Commissioner of the Division of Labor Is Attempting to Increase the Number of Reciprocity Arrangements with Other States

As shown on the attachment "**Reciprocity Information**" provided by the Division of Labor, **currently there are only reciprocal agreements with North Carolina and Ohio for the electrical contractor's license.** Although the Division of Labor Commissioner stated that it has been his goal for some time to expand the number of reciprocity agreements, **the Legislative Auditor's inquiries regarding reciprocity arrangements have given cause to intensify the efforts of the Division of Labor and Contractor's Licensing Board toward increasing the number of state reciprocity agreements.** The Contractor Licensing Board is in the process of establishing reciprocity agreements regarding master electrician exam scores through the West Virginia Fire Marshal's Office for the states of Kentucky, Virginia and Maryland.

Sincerely,


Denny Rhodes

- C. The Honorable Gary G. Howell, Chairman House Committee on Government Organization
The Honorable Michael Folk, West Virginia House of Delegates