

LBA Financial Audit Report Summary:

Department of Labor Audit Report For the Year Ended June 30, 1995 and the Six Months Ended December 31, 1995

The first Commissioner of Labor was established by Chapter 48, Laws of 1893. Chapter 198, Laws of 1911, abolished this office and established a Bureau of Labor, administered by a Labor Commissioner. It also established the Board of Conciliation and Arbitration. The purpose of the Department is to ensure a fair and safe working environment for New Hampshire workers through the administration and enforcement of State labor laws - in both the public and private sectors. It administers workers' compensation laws, labor arbitration proceedings, youth employment laws and minimum wage legislation; and conducts inspections of unfired pressure vessels, elevators, and boilers.

The Department is under the executive direction of a Commissioner and a Deputy Commissioner, who oversee three divisions: Administration and Support, Inspection, and Workers' Compensation.

Our report included six observations regarding weaknesses in the internal control structure, four regarding noncompliance with state laws and regulations, and two management issues.

Major observations concerning the internal control structure included:

- recording fine and penalty accounts receivable at the end of each fiscal year contrary to Generally Accepted Accounting Principles;
- a manual system of recording older outstanding fines and penalties, many of which may be invalid; and
- inadequate segregation of duties over the processing of trust fund transactions and no supervisory review and approval of reimbursement requests.

We recommended that the Department:

- recognize fine and penalty revenue when cash is received;
- examine old records, removing invalid accounts and entering valid accounts in the automated system; and
- strengthen its internal controls over trust fund transactions.

Observations regarding state laws and management issues included:

- charging incorrect certificate and license fees;
- questionable per diems paid to members of the Compensation Appeals Board;
- inconsistencies regarding employee leave balances; and

- holding unclaimed employee wage-adjustment checks for excessive periods of time.

We recommended that the Department:

- charge statutory fees as directed;
- comply with the RSA regarding payment of per diems or amend the RSA and establish procedures to ensure members are paid correctly;
- establish procedures to ensure that employee leave is recorded properly and leave balances are reconciled; and
- deposit all unclaimed checks as soon as it is determined that there will be difficulty in locating the payee.