

LBA Financial Audit Report Summary:

Department Of Safety, Revenues Collected By The Criminal Records And Permits And Licensing Units, for the Nine Months Ended March 31, 2002

Reporting Entity And Scope

The reporting entity and scope of this audit and audit report is the revenue collected by the Criminal Records and Permits and Licensing Units of the New Hampshire Department of Safety, Division of State Police, Support Services Bureau, for the nine months ended March 31, 2002.

Organization

The Department of Safety was established in 1961 and reorganized in 1987 under the provisions of RSA 21-P. The Department is under the executive direction of a commissioner who is appointed by the Governor, with the consent of the Executive Council, to a four-year term. The commissioner is authorized to nominate an assistant commissioner and division directors. The Division of State Police is one of seven divisions of the Department and is under the direction of the Director of State Police who serves a four-year term.

At March 31, 2002, the Criminal Records Unit employed 13 full-time and one part-time classified employee and the Permits and Licensing Unit employed five full-time classified employees.

Responsibilities

The Criminal Records Unit maintains the State's Criminal History Record Information (CHRI) Repository, the Automated Fingerprint Identification System (AFIS), and the Uniform Crime Reporting (UCR) System. Services are provided to all levels of law enforcement, government agencies, and the general public. Information entered into the CHRI Repository is received from the superior and district courts, as well as arrest data from law enforcement agencies. A primary responsibility of the Unit is the performance of education background checks authorized by RSA 189:13-a.

The Permits and Licensing Unit is responsible for the issuance of permits and licenses pertaining to security guards, private detectives, nonresident pistol/revolver concealed carry, as well as explosives (competency, use, purchase, transport, and storage) and fireworks (fireworks display competency and display fireworks storage). The Unit also conducts all background checks on prospective purchases of handguns through federal firearms licensed dealers in the State and performs inspections of all explosive storage sites located throughout the State.

Funding

The financial activity of the Criminal Records and Permits and Licensing Units is accounted for in the General Fund of the State of New Hampshire.

The fiscal year 2002 estimated restricted revenue combined with supplemental warrants, balances forward, and transfers resulted in anticipated fiscal year 2002 restricted General Fund revenue of \$64,069. Fiscal year 2002 estimated unrestricted revenue totaled \$184,000 in the General Fund. The actual revenues of the Units is summarized below:

Summary Of Revenues

For The Nine Months Ended March 31, 2002

	General Fund
Unrestricted Revenues	\$ 106,374
Restricted Revenues	626,902
Total Revenues	\$ 733,276

The auditors report on the financial statement was unqualified. The audit report included auditor's reports on compliance and internal control over financial reporting and on management issues. The following is a list of the comments in the report.

Internal Control Comments

Material Weakness

- Effective Internal Control Frameworks Need To Be Established

Other Reportable Condition

- Processing And Recording Controls Over Financial Transactions Should Be Improved In The Criminal Records Unit
- Accountability Controls Over Financial Transactions Should Be Improved In The Permits And Licensing Unit
- Policies And Procedures Documentation Should Be Established Or Updated
- Cash Drawer Procedures In The Permits And Licensing Unit Should Be Improved
- Management Information Reports Should Be Utilized To Review Unit Activity
- Fee Structure In The Department Database Should Be Kept Current
- Fees Should Not Be Waived Without Proper Authority
- Policies And Procedures Should Be Established For Prepaid And Billed Accounts
- Continued Use Of Receipt Books Should Be Reviewed And Controlled
- System And User Documentation Should Be Complete and Current
- Control Processes Currently Used By The Criminal Records Unit Need To Be Secured To Remain Effective
- Criminal Records Unit Closeout Policies And Procedures Should Be Revised
- Revenue Input Screens Should Be Created To Promote Accurate Data Entry

- The Criminal History Record Information Database Should Create A Transaction Register Of Criminal Record Inquiries
- User Access To The Department's Information System Should Be Restricted To Current Job Requirements
- Permits And Licensing Application Forms Should Be Formatted To Promote Accurate And Complete Applications
- Control Logs Should Be Completed And Retained
- Lack Of Applicant Accuracy/Honesty Should Trigger Permits And Licensing Unit Checks Of Applicant References
- Information Technology Personnel Should Comply With State Computer Access Control Policies
- Explosive Permit And License Fees Should Be Recorded As Restricted Revenue

Compliance Comments

State Compliance

- Fees Should Be Charged For Performing Criminal Record Checks On Applicants For Security Guard And Private Detective Licenses
- Non-Resident Pistol Permits Should Be Issued To Allow For Renewal As Provided In Statute
- Proof Of Bonds And/Or Insurance Coverage Should Be Required For Fireworks Sales, Storage, And Display Licensees
- The Adequacy And Status Of Administrative Rules Should Be Reviewed

Management Issues Comments

- The Limitation Of The Scope Of New Hampshire Criminal Records Checks Should Be Made Clear To Users
- Formal Fraud Deterrence And Detection Programs And Fraud Reporting Policy Should Be Established
- Security Features For Permits And Licenses Should Be Improved
- Appropriate Uses Of FBI Criminal Background Checks Should Be Determined
- FBI Invoices For Fingerprint Processing Should Be Reviewed/Audited Prior To Payment
- Annual Job-Performance Evaluations Should Be Conducted For Business Office Employees
- SPOTS User Interface Should Be Improved To Promote Accuracy
- Fees Should Be Established That Reflect Costs Of Providing Services