

# **LBA Financial Audit Report Summary:**

## **Department of Safety, Division of Fire Safety, Bureau of Building Safety and Construction Financial Audit Report for the Six Months Ended December 31, 2008**

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### **Reporting Entity And Scope**

The reporting entity of this audit and audit report is the Bureau of Building Safety and Construction (Bureau) within the Department of Safety, Division of Fire Safety. The scope of this audit and audit report includes the financial activity of the Bureau for the six months ended December 31, 2008. Unless otherwise indicated, reference to the Bureau or auditee refers to the Bureau of Building Safety and Construction. Reference to the Department refers to the Department of Safety and reference to the Division refers to the Division of Fire Safety.

### **Organization**

The Bureau of Building Safety and Construction operates as a functional unit within the Division of Fire Safety. The Division of Fire Safety is established by RSA 21-P:12. The Bureau has four major sections: Electricians, Fuel Gas Fitters, Modular Housing, and Manufactured Housing. A Deputy State Fire Marshal who reports to the Assistant Director of the State Fire Marshal's Office administers the Bureau. The Assistant Director reports to the State Fire Marshal who reports to the Commissioner of the Department of Safety.

The Bureau of Building Safety and Construction is located at 110 Smokey Bear Boulevard, Concord, New Hampshire.

### **Responsibilities**

The Bureau of Building Safety and Construction is responsible for administering code enforcement for the Division including:

- Licensing of electricians. The Electrician's Section processes original and renewal electrician license applications, writes and administers electrical examinations, performs inspections of electrical installation work performed in the State, assists municipalities with inspections when necessary, performs investigations, assists with fire investigations when necessary, and presents disciplinary actions to the Electrician's Board.
- Licensing of gas fitters. The Fuel Gas Fitter's Section processes gas fitter's license applications, performs inspections of gas fitter's installation work performed in the State, assists municipalities with inspections when necessary, performs investigations, assists with fire investigations when necessary, and administers disciplinary actions against licensees.
- Licensing of lightning rod installers and dealers.

- Voluntary certification of heating technicians.
- Issuance of permits for flames, pyrotechnics, or other means of special effects for entertainment, exhibition, demonstration, or simulation before a proximate audience.
- Inspection of manufactured housing for compliance with installation standards. The Bureau is responsible for inspecting manufactured homes for compliance with installation standards in those communities that do not have a building official. The Division of Fire Safety also acts as the liaison to the Manufactured Housing Installation Standards Board. All installers of manufactured homes are required to be licensed by the Bureau.
- Approval of modular building manufacturers and third party inspection agencies. The Bureau is responsible for the certification of third party inspection agencies and manufacturers, issuing approved labels for modular buildings that have been certified, and investigating complaints pertaining to modular buildings.
- Approval of building plans.
- Enforcement of electrical codes.
- Enforcement of mechanical safety codes.
- Administration of the Federal Emergency Management Agency (FEMA) Hotel and Motel Fire Safety Act of 1990.

The Bureau was staffed with 15 full-time and two part-time employees at December 31, 2008.

## **Funding**

The financial activity of the Bureau of Building Safety and Construction is accounted for in the General Fund of the State of New Hampshire. A summary of the Bureau's revenues and expenditures for the six months ended December 31, 2008 is shown in the following schedule.

### **Summary Of Revenues And Expenditures - General Fund For The Six Months Ended December 31, 2008**

Total Revenues	\$ 747,114
Total Expenditures	<u>577,075</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b><u>\$ 170,039</u></b>

The auditor's report on the Bureau of Building Safety and Construction's financial statement was qualified, as the financial statement does not constitute a complete financial presentation of the Bureau in the General Fund.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters. The following is a list of the comments in the report.

### ***Internal Control Comments***

#### ***Material Weakness***

- Controls Over Revenue Processing Must Be Improved

### **Other Significant Deficiencies**

- Revenues Should Be Recorded In Statutorily Designated Accounts
- License Fees Should Not Be Waived Without Authority
- Policies and Procedures Should Be Established For The Periodic Review Of Fees And The Methodology For Setting Fees
- Effectiveness Of Voluntary Certification Programs Should Be Reviewed
- Effective Controls Over Payroll Should Be Implemented
- Controls Over Compliance With Year-End Accounting Procedures Should Be Improved
- Statements Of Financial Interests Should Be Filed With The Secretary Of State As Required

### ***Compliance Comments***

- Administrative Rules Should Be Complete And Current
- Equipment Inventory Should Be Performed Annually