EXECUTIVE SUMMARY

DEPARTMENT OF THE TREASURY
DIVISION OF REVENUE AND ENTERPRISE SERVICES
COMMERCIAL INFORMATION SERVICES BUREAU

We found that the financial transactions were related to the bureau’s programs, were reasonable, and were recorded properly in the accounting systems. In making these determinations we noted computer programming errors, internal control weaknesses, and matters of non-compliance meriting management attention.

AUDIT HIGHLIGHTS

• Due to a system program error, companies whose business charter has been revoked or suspended are continuing to transact business with the state. During a seven year period we identified 1,760 business and/or non-profit organizations that received $274 million from the state after their business charters had been suspended by the bureau.

• Our sample of 300 Notaries Public found that 5 did not self-report a criminal conviction on their application that may have barred their appointment. We found 10 others denied their commission or not processed by the Deputy Attorney General due to their failure to provide additional criminal history information who currently hold Notary Public commissions.

• The bureau allows customers to establish in-house depository accounts for three separate service groups including corporate filing, notary services, and Uniform Commercial Code filings. The bureau has not escheated $403,000 in customer depository accounts that have been inactive for more than a year to the State Treasury as required by state regulations.

• In February and March of 2014, the bureau encountered 16 days where their ORACLE computer system failed or was running slow which impeded the staff’s availability to process work requests. The availability of data and system operations is essential and although the implicit losses (e.g. lost sales) are difficult to measure, we were able to determine that 40 employees remained idle for 50 hours due to these computer issues. This inactivity created a backlog which necessitated overtime costing the bureau an additional $15,000 in salary costs.

AUDITEE RESPONSE

Except for our Small Business Enterprise certificate recommendation, the department generally concurs with our findings and recommendations.

For the complete audit report, click here.