



# Department of Administrative Services eLicense Transaction Fees Audit

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**Audit Period: July 2017 through September 2017**

## Results Summary:

Objective	Conclusion*
Transfer of Transaction Fees	Well-Controlled with Improvement Needed

\* Please refer to Appendix A for classification of audit objective conclusions.



## **Executive Summary**

### **Background**

The Department of Administrative Services (DAS) provides payroll, administrative and financial services for state professional licensing boards specified in the Revised Code and for other boards and commissions that do not possess the resources to perform these functions. To modernize Ohio's regulation of licensed professions, DAS and state licensing boards are replacing the legacy licensing system with an eLicense system. The new system offers more security, capability, efficiencies, improved communications, and ease of use for individual licensees, businesses, and licensing boards.

As of August 2017, 17 boards and commissions are utilizing the new eLicense system and 10 additional boards and commissions are scheduled to begin utilizing the eLicense system in 2018. Legislation (H.B. 49) passed by the General Assembly includes language requiring DAS to establish charges for recovering the costs of ongoing maintenance of the eLicense system and assess a transaction fee on each license or registration issued as part of the eLicense system. The eLicense System Transaction Fee is charged to all license transactions that result in the issuance, renewal, or reinstatement of a license or registration served by the eLicense Ohio portal. The legislation includes language that permits DAS to assess users of the new system a transaction fee of up to \$3.50. The boards and commissions collect transaction fees which are later transferred to the DAS Professions Licensing System fund. The fee totaled approximately \$88,000 for the month of July 2017 and approximately \$191,000 for the month of August 2017.

During the audit, OIA identified opportunities for DAS to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank DAS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff was engaged to perform an assurance audit related to the controls over DAS' eLicense system transaction fee process. The objective of the review was to evaluate the design and effectiveness of controls for eLicense transaction fees. This work was completed September through November 2017. The audit period was July through September 2017.



## **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observation was considered as part of the audit objective conclusion.



Appendix A – Classification of Conclusions and Observations

**Classification of Audit Objective Conclusions**

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

**Classification of Audit Observations**

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee