

Audit Highlights



Highlights of Legislative Auditor report on the Office of Labor Commissioner, issued on April 2, 2001. Report # LA02-04.

Purpose of Audit

The purpose of this audit was to evaluate the adequacy of the Office's information system in assisting the Labor Commissioner with wage claim and public works duties. Our audit included a review of the Office's wage claim and public works project activities for the year ended June 30, 2000.

Audit Recommendations

This report contained three recommendations to help ensure the management information system assists the Labor Commissioner with wage claim and public works duties. Specifically, we recommended the Office ensure all systems are thoroughly tested prior to acceptance. In addition, the Office should ensure system expectations are properly communicated to programmers. Finally, the Office should reassess its information needs and the system's ability to meet those needs. If modifications are deemed necessary, the Office should ensure the additional costs are justified.

The Office of Labor Commissioner accepted all three audit recommendations.

Status of Recommendations

The Department of Administration submitted the six-month report on the status of audit recommendations on December 20, 2001. The report indicated all three recommendations had been fully implemented.

Office of Labor Commissioner

Department of Business and Industry

Results in Brief

Although the information system does assist the Labor Commissioner with certain wage claim and public works duties, the system falls short of expectations. In our prior audit we recommended the Office determine its information needs and develop a system using simple computer software and minimal staff time. However, the Office chose to develop a complex system which has been in various stages of development since fiscal year 1996. Furthermore, processing errors and insufficient reporting capabilities limit its usefulness. For instance, the system did not calculate prevailing wages correctly. As a result, some workers on public works projects were paid the incorrect hourly wage. In addition, the Office has developed additional procedures and reports to compensate for the system's inability to provide reliable information. Poor communications between the Office and the Department of Information Technology (DoIT) contributed to the system's shortcomings. However, since August 1999 when the current Labor Commissioner was appointed, the Office has been working to resolve these long-standing problems.

Principal Findings

In 1994, we reported the Office of Labor Commissioner did not have an adequate management information system. The lack of such a system contributed to the Office reporting inaccurate information to the Legislature during the 1993 session. Instead of establishing a system with minimal resources, the Office chose to have DoIT develop a complex and costly system.

None of the system's four components were completed on time. For example, the public works monitoring software was installed more than 2 years after the estimated completion date. As a result, the Office could not provide the 1997 and 1999 Legislatures with system generated data related to its activities.

Although system expenditures totaled nearly \$300,000 as of June 30, 2000, not all costs have been included. For example, the Office did not pay DoIT for billings totaling more than \$11,000 in fiscal year 1998. In addition, DoIT did not bill the Office for all programming costs since the system was not completed on time.

Because of insufficient testing procedures, the Office did not detect programming errors in the prevailing wage component of the system. As a result, the hourly wage rate for some work classifications was not correct. Incorrect prevailing wage rates affect workers pay and project costs.

Although the public works component produces 10 reports, 4 do not contain data and 6 contain inaccurate data. As a result, key performance and project information must be tracked manually.

Financial reports generated by the system's wage claim component are incomplete. Key financial information, such as deposit and check dates, are not reported. As a result, the monthly bank reconciliation process requires additional staff resources to ensure all activity is properly accounted for.

Although poor communication contributed to the system's shortcomings, the current Labor Commissioner has addressed this problem. Shortly after his appointment, he informed DoIT that improved communication was needed for the system to be successful. As a result, the Office has signed an agreement with DoIT for additional system modifications.