

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members
FROM: Lisa Blanford, Performance Audit Manager
CC: Mike Kadas, Director, Department of Revenue
Alan Peura, Deputy Director, Department of Revenue
Steve Austin, Administrator, Citizen Services & Resource Management Division
Cathy Fitzgerald, Chief, Citizen Services Bureau
DATE: May 2014
RE: Performance Audit Follow-up (14SP-16): One-Stop Business Licensing Program (orig. 12P-05)
ATTACHMENT: Original Performance Audit Summary

Introduction

In October 2012, we presented our performance audit titled “*One-Stop Business Licensing Program.*” The audit included two recommendations to the Department of Revenue (department) and one recommendation to the legislature. In April 2014, we conducted follow-up work to assess implementation of the report recommendations. This memorandum summarizes the results of our follow-up work.

Overview

Initial audit work revealed many aspects of the One-Stop program work well and businesses and participating agencies were generally satisfied with program operations. We issued two recommendations to the Department of Revenue (department) to strengthen some elements of program administration. Our review determined the department implemented both recommendations. We also issued a recommendation to the legislature which follow-up work revealed was partially implemented.

Audit Follow-up Results

The following sections summarize the progress toward implementing audit report recommendations. During our follow-up, we reviewed related documents including correspondence, board minutes, licensing materials, policies, news releases, and a decision package request. We also discussed agency progress in implementing audit recommendations with agency management and staff.

RECOMMENDATION #1

We recommend the Department of Revenue further develop formal operating processes for the One-Stop Business Licensing Program.

Implementation Status – Implemented

This recommendation was for the department to develop additional documented operating processes for the program. For example, documented processes were needed for handling nonsufficient funds,

transferring ownership, and performing write-offs and refunds. As a result of the recommendation, department staff created widespread documented policies. Policies now address all key aspects of the operation and are kept updated to reflect program changes.

RECOMMENDATION #2

We recommend the Department of Revenue, working through the Board of Review, define the delinquent notice process for the One-Stop Business Licensing Program and eliminate duplication.

Implementation Status – Implemented

The department examined the delinquent process for each agency in the One-Stop program and discussed these processes with the Board of Review. Discussion by the Board of Review occurred April 2013. Based upon this work, the delinquent process and collections process for each agency was defined to clarify responsibilities for the delinquent notice process and the collection activity process.

RECOMMENDATION #3

We recommend the legislature reevaluate whether the Small Business Licensing Coordination Act meets current business licensing needs.

Implementation Status – Partially Implemented

Our audit found the One-Stop program streamlines the licensing process for many businesses by offering the convenience of a single license application and payment, but it is not necessarily timely for businesses due to its non-online, paper-driven process. In addition, two agencies included in the Small Business Licensing Coordination Act (Act) do not participate in the One-Stop program. As a result, audit work determined the legislature needed to reevaluate whether the Act meets current business licensing needs.

While the legislature did not specifically reevaluate the Act, the 2013 legislature approved an increase in general fund appropriation authority to fund the development and maintenance of a secure web-based application. This will allow businesses to apply for licenses in coordination with the internet application One-Stop Licensing program. Total funding allocation for the 2015 biennium is \$44,400, of which \$21,400 (for fiscal year 2014) is designated as one time only and funding is restricted only for this purpose. The department oversaw the development of the new on-line service, which was made available to businesses beginning January 2014. The on-line service is called eStop Business Licenses and allows businesses to fill out one master application and make one payment for up to seven different licenses. Department officials indicate this change has improved efficiency for the businesses and five state agencies that administer the licenses. The department is responsible for on-going system maintenance.