

## **LBA Financial Audit Report Summary:**

Office of Information Technology Audit Report For the Nine Months Ended March 31, 2006

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### **Reporting Entity And Scope**

The reporting entity of this audit and audit report is the New Hampshire Office of Information Technology for the nine months ended March 31, 2006. This report describes the financial activity of the Office of Information Technology (OIT) as it existed during the period under audit.

### **Organization**

The Office of Information Technology was established within the Office of the Governor July 1, 2003 by RSA 4-D:1. The Office of Information Technology is under the supervision of the Chief Information Officer, who is a non-classified employee appointed by the Governor with the advice and consent of the Council. The Office of Information Technology is organized into five divisions, as follows:

1. Office of the Chief Information Officer (CIO)

The Office of the CIO manages the State's information technology (IT) strategy and provides infrastructure necessary for managing the State's IT needs. The Office of the CIO is further divided into three bureaus.

  - a. Logistics Bureau
    - Provides consultation when agencies need to procure IT products and services. Approves procurement of IT services/products over \$250 (per RSA 21-I:11, XI and XII).
    - Administers OIT's business such as finance and human resources.
  - b. Project Integration Bureau (PIB)
    - a. When a project requires multiple OIT divisions and agency participation, PIB provides process framework and support services to promote efficiency. Some recent examples of projects are: N.H. Employment Security system upgrade project, Department of Health and Human Services Lotus Notes (mainframe-based software) update project, OIT Approval and Expenditures (A&E) project.
  - c. Enterprise Resource Planning Bureau (ERP)

- a. Provides technical and coordination support for the statewide ERP initiative.

2. Agency Software Division (ASD)

ASD service is provided to larger, partner agencies that receive the maximum level (Level 5) of OIT services.

- ASD has an assigned agency liaison for each partner agency.
- Provides technology consulting services.
- Primary focus is on software application support.
- Liaison can facilitate communication between agency and other service areas of OIT.

3. Operations Division

- Manages data centers, servers, storage solutions, and data transfers.
- Supports the State's legacy systems (mainframe), which include State payroll and vendor payments.
- Administers core network functionality.
- Provides Oracle database administration.
- Provides hardware and software support for Linux, Windows, Wang Systems, and IBM mainframes environment.

4. Technical Support Services Division

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- Provides Help Desk services.
- Provides standardized training to agencies.
- Provides regional direct technical support including installation and configuration services for PCs, mobile technology, and peripherals.
- Provides installation, support, and maintenance for the State's multi-protocol wide-area network.

5. Web Services Division

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- Works with agencies in creating better web pages that follow the State's Web Site Standards and Guidelines.
- Promotes e-Government by providing more services online. Some examples: On-line licensing, Department of Safety car registration, Rx (prescription) drug price finder.

At March 31, 2006, the Office of Information Technology employed 380 full-time and nine part-time employees.

### **Responsibilities**

In accordance with RSA 4-D:1, the New Hampshire Office of Information Technology is responsible for managing and coordinating all technology resources in the executive branch of government, developing and implementing strategies to enhance State customer service, and creating statewide efficiencies through the use of information and other technologies.

### **Funding**

The financial activity of the Office of Information Technology is accounted for in the General Fund of the State of New Hampshire. A summary of the Office's revenues and expenditures for the nine months ended March 31, 2006 is shown in the following schedule.

**Summary Of Revenues And Expenditures  
For The Nine Months Ended March 31, 2006**

	<u>General Fund</u>
Total Revenues	\$ 35,825,740
Total Expenditures	<u>\$ 36,120,380</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b><u>\$ (294,640)</u></b>

The auditor's report on the Office of Information Technology's financial statements was qualified with respect to the lack of presentation of the financial position of the OIT in the government-wide and governmental fund financial statements.

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

***Internal Control Comments***

*Reportable Conditions*

- Billing and Revenue Collection Process Should Be Improved
- Cost Allocation Process Should Be Improved
- Service Contract Processes And Controls Should Be Improved And Formalized
- Memorandums Of Agreement Should Support Work Performed For User Agencies
- Agency Specific Charges Should Be Approved
- Administrative Policies And Procedures Manual For The ETA System Should Be Developed
- Controls Over Payroll Should Be Improved
- Controls Over Employee Leave Accounting Should Be Improved
- Continuity Of Operations Plan Should Be Implemented
- Formal Risk Assessment Policies And Procedures Should Be Established
- Formal Fraud Risk Mitigation Efforts Should Be Developed And Implemented
- Incompatible Duties Should Be Properly Segregated
- Robust Password Controls Should Be Implemented
- Computer System Access Controls Should Be Reviewed
- Comprehensive Policies And Procedures Should Be Prepared For All Significant Operational Areas
- Accounting For Software Licenses And Leased Equipment Should Be Improved
- Controls Over Equipment Inventory Should Be Improved

***Compliance Comments***

*State Compliance*

- Statutorily Required Reports Should Be Prepared And Submitted
- Administrative Rules Should Be Adopted
- Statements Of Financial Interest Should Be Filed

*Management Issues Comments*

- All Executive Branch Agencies Should Be Provided Service
- All IT Activity Should Be Considered For Transfer To OIT
- Ownership Of Equipment In Use By OIT Should Be Reconsidered