OFFICE OF THE
NEW YORK STATE COMPTROLLER

DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY

DEPARTMENT OF STATE

OPERATION OF THE
DIVISION OF LICENSING SERVICES

Report 2006-S-91
AUDIT OBJECTIVE

The objective of our performance audit was to determine whether the Department of State’s Division of Licensing Services (Division) processes licensing applications in an efficient and effective manner.

AUDIT RESULTS - SUMMARY

We found that Division employees are properly reviewing license applications and only approving those submitted by qualified individuals. However, we also found that in almost all cases, the Division relies on a paper-based system that is inherently inefficient and requires modernization. This occurs in part because management is more focused on day-to-day activities than on the overall efficiency and effectiveness of operations.

There appears to be a lack of communication between Division management and staff. When we questioned staff members, several indicated that they do not receive adequate training and feedback, and that they do not have a mechanism for suggesting improvements in Division operations. Further, we found management views its practice of using staff from other units to assist with its customer service phone bank as helping those staff to keep up with the various license types. At the same time, some staff expressed concern that this practice was aggravating backlogs in their regular workload. Better communication could help foster a climate where management and staff work together to improve operations.

Division officials estimate that license processing and approval can take anywhere from six to eight weeks. However, they do not actually track the time it takes to process a license application. Instead, they focus on the number of applications processed during a given period. The Division should develop performance measures relating to the timeliness of application processing so that it can identify improvement opportunities and determine whether it is meeting its mission to process applications efficiently.

The Division relies on a paper-driven system to process applications, using very little technology. During the review process, applications are physically sent to the various units involved in license processing. The Division needs to develop an electronic system for storing and transferring application forms and related supporting documentation.

Some applications cannot be approved because of missing information or other reasons. The Division does not identify common problems so they can be avoided in the future through changes in the application forms and instructions. Similarly, the Division does not identify common concerns of the 800 individuals who call the 10-person phone bank daily for information. This information could be useful in reducing the number of future calls and freeing up resources for other purposes.

The Division does maintain a registry to allow companies to verify the eligibility of security guard applicants based on the applicant’s prior licensing history. However, we learned that automated access to this registry can only be used for about half of the people included in the system because the licensing history of some individuals is too complex and requires a manual review. We also determined that the Division could reduce the processing time for security guard applications by over a week if it sent fingerprint cards to the Division of Criminal Justice Services within the time limit set by law, so that the necessary background checks could be done in a timelier manner.
Overall, we found Division revenues are sufficient to cover its expenditures. However, the Division does not determine the cost-effectiveness of its individual activities, such as those relating to developing exams or reviewing applications, nor does it determine the cost-effectiveness of the various license types issued. As a result, “profits” from some operations may be masking other inefficient practices.

Our report contains 11 recommendations to improve the Division’s license processing operations. Division officials generally agreed with our recommendations and have taken steps to implement changes.

This report, dated, September 13, 2007, is available on our website at: http://www.osc.state.ny.us.
Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller Division of State Government Accountability 110 State Street, 11th Floor Albany, NY 12236

BACKGROUND

The Department of State (Department) was created in 1778, making it the oldest State agency. The Department’s responsibilities cover a broad range of activities which support both business and local governments. Some of these activities include public safety (e.g., fire prevention and building codes), community development, and licensing and registration. In State fiscal year 2005-2006, the Department had 865 employees and a total budget of $148.6 million. The State fiscal year 2006-2007 budget called for 870 employees and $143.0 million in appropriations.

The Department is organized into two main offices: the Office of Business and Licensing Services and the Office of Local Government Services. There are some smaller units as well. Within the Office of Business and Licensing Services, the Division of Licensing Services (Division) is responsible for issuing licenses for certain occupations. Currently, the Division issues 26 different license types, such as Appearance Enhancement, Real Estate Sales, and Security Guard licenses. Within the Division, there are a number of units directly involved in licensing activities. These activities include developing required exams (written and practical), certifying schools and courses, reviewing applications to ensure licensure requirements are met, and issuing the actual licenses. In addition, the Division has administrative support units, including a mail room and a revenue unit.

In 2005-2006, the Division had $16.2 million in total expenditures and $22.1 million in revenues, of which $17.6 million came from license fees. As of November 2006, the Division had 143 positions, of which 126 were filled. The Division issued 96,543 new licenses and 237,488 renewals during 2005.

AUDIT FINDINGS AND RECOMMENDATIONS

License Approval

According to its mission statement, the Division seeks to “provide qualified licensees to the business community.” To do so, the Division should approve only applications submitted by qualified individuals. There are three possible outcomes when an application is reviewed by the Division: approved (applicant is qualified), denied (applicant is unqualified), or rejected (application is incomplete). Incomplete applications are returned to the applicant for additional information. To test the Division’s performance in relation to its mission, we reviewed a random sample of 60 applications
(15 Appearance Enhancement, 15 Real Estate Sales, and 30 Security Guard) and found that all 60 were handled appropriately. We therefore conclude that the public can be reasonably assured that the Division is approving only applications submitted by individuals who are qualified for licensure and denying applications submitted by persons who are either not qualified or have not provided sufficient evidence to qualify for licensure.

License Processing

According to its mission statement, the Division also seeks to provide “efficient processing and examination services to license applicants.” Neither the mission statement nor Division management has defined precisely what is meant by “efficient processing.” For the purposes of this audit, we focused on the public expectation that licenses be issued in a timely and cost-effective manner.

We found the Division does not measure the time required to process an application for most license types. Management does track the number of applications processed and the processing backlog by license type each month, but does not compare performance over time, either to target levels or to historical performance. The Division also has several status reports, but these also track the overall number of applications processed, not the length of time to process. The Division submits a report to the Legislature on Security Guard licenses, as required by Article 7-A of the General Business Law. This report does include information on the time to process applications for Security Guard licenses. However, this is only an annual report and management does not use it to monitor the efficiency of application processing.

Division officials told us they want staff to focus on the accuracy of application processing rather than rushing through just to meet targets. However, we noted that the Division also does not compile any performance data to measure accuracy, such as processing error rates. The Division could easily move from measuring only the volume of applications processed to also capturing processing time. Management could then set appropriate targets to balance the need for both accuracy and timeliness.

Division officials estimated that, overall, license processing and approval can take anywhere from six to eight weeks. This includes the backlog in the processing units, which can be as much as a month, as well as the time spent verifying applicant qualifications. The Division relies primarily on a paper-driven system, with only limited information maintained electronically. During the review process, each application is physically transferred among the various units, contributing to the time required for processing. Eventually, the hard-copy files are sent to an off-site storage facility. There are no back-up copies of any of these records and, as a result, if a document is lost or otherwise inaccessible there is no way to retrieve it. In fact, at the time of our audit, the Division’s storage facility was undergoing asbestos abatement and records in that facility were not accessible.

Management recognizes some of the limitations posed by its manual processing system. As a result, the Division is developing an on-line application system for one of its more heavily used licenses - the Real Estate Sales license. According to Division officials, this effort has involved completely redesigning how the application process is currently done, rather than simply developing an on-line version of the current manual process. Under the proposed system,
physical applications will no longer be sent from one unit to another for review. Instead, staff will verify a sample of applications after the license is issued. However, the on-line application system is not expected to be available until early summer 2007. If it is not successful, officials have indicated they will not move to convert the other 25 license types to an on-line system. We are therefore concerned that these other licenses may never be reviewed to identify process improvements.

Even pending the results of its on-line conversion efforts, we conclude the Division can make some immediate, basic changes to improve the efficiency of its license processing. These changes can have a positive effect on performance even if the Division does not revamp the entire licensing process. For example:

- The Division tracks the number of applications denied but not the reasons for the denials. The Division also does not track the number of, or reason for, application rejections. By accumulating such information, the Division can identify common problems that could be addressed through changes to the application forms and instructions, to the Division’s web site, or by other means.

- The Division’s web site asks applicants for Appearance Enhancement licenses to provide original documents, rather than copies. This can be a serious burden for some applicants, particularly those who have been educated in other states or overseas. Further, when the application is approved, the Division retains the original documents in the licensee’s file unless there is a specific request to return them. This practice places an additional and unnecessary responsibility on the Division to neither lose nor misplace these original documents. Division officials told us they now accept copies, although their web site and application forms have not been updated to reflect this change. Officials stated they plan to update these materials, but did not provide a timeframe.

- There is a high turnover among the application processing staff, which contributes to their backlog. Division officials told us they are constantly experiencing vacancies, which results in having to regularly hire and train new staff. They believe the high turnover rate makes month-to-month performance comparisons difficult since the number of available employees directly impacts the number of applications that can be processed. Our survey of employees in these units indicates the high turnover may be due at least in part to a number of factors; including poor promotional opportunities, a lack of formal training, and a lack of feedback, such as periodic performance evaluations. By focusing attention on addressing these issues, management may be able to reduce attrition and thereby improve the efficiency of operations.

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**Processing Call Center**

The Division operates a Processing Call Center, which is a telephone bank that provides customer service to licensees, applicants and others. Management has set a target of five minutes as the maximum waiting time before a caller is connected with an operator. According to Division records, the Processing Call Center answered almost
150,000 calls between January and September 2006; an average of about 800 calls each day. The average wait time during this period was 12 minutes; more than double the Division’s target. However, Division records also indicate that the Call Center met its target in September 2006 and officials stated the average wait time had decreased to about 2½ minutes by early December. They attribute this decrease to additional staff working the phone banks, which includes staff from other units.

Division management has placed a priority on customer service, requiring that there be ten operators at all times. In November, the Call Center had only eight assigned operators and began borrowing staff from other units involved with processing applications. Management believes this rotation also allows all staff to remain knowledgeable about each type of license. However, our survey of Division employees found that application processing staff disagree. Instead, staff viewed the assignment as contributing to the application backlog in their assigned units, which they indicate is not taken into account when determining whether people should be loaned to the Call Center. As a result, applicants are waiting, based on the Division’s estimate, six to eight weeks before their licenses are issued. These applicants may, in turn, call the phone bank more to inquire about their application status. We conclude the Division may experience greater gain by focusing its efforts on reducing call volume, rather than simply addressing waiting time.

According to management, about ten percent of the call activity represents issues that are somewhat time-consuming and difficult to address. However, the other 90 percent of the volume is routine, falling into one of the following categories:

- Inquiries about the status of an original application or renewal license,
- Requests for license applications or certain forms that cannot be downloaded from the web site, such as the fingerprint cards, and
- Requests for a name and/or address change.

We conclude management needs to modernize the Call Center to eliminate as many of the latter two types of calls as possible. This would reduce the need to move application processing staff into the phone bank. Certain calls, such as those requesting forms, could be handled without the need for operator involvement. Others may be eliminated altogether by including better, more visible information on the Division’s web site to answer common questions and allow for on-line processing of some requests.

To further improve operations, the Division should also strengthen its employee training and evaluation practices. Division management attributes the high turnover rate to the workload and job expectations which, in their opinion, exceed those of similar paying positions both within and outside the Department. While this may be a significant factor, we note the Division lacks a formal training program for new employees assigned to the Call Center. Rather, there is an ad hoc training system, which inherently lacks consistency. New employees receive a reference binder with basic information on each of the 26 licenses and then sit with a more experienced operator to listen in on incoming calls. There is no control over what types of calls a new employee will experience on any given day and there is neither core nor graduated competencies identified for new employees. Thus, it takes a few months before an operator is ready to work
independently. In addition, some staff told us they lack regular feedback on their performance. In response to our findings, officials indicate they are developing a new training process which they expect will address these concerns.

**Licensing of Security Guards**

According to Article 7-A of the General Business Law, licensed security guards cannot work independently; they must be registered with a security guard company. The company must exercise due diligence when hiring a security guard, to ensure that only qualified individuals are employed. If the individual already has a license, the company must verify that the license is active. If the person does not have a license, the company may hire them temporarily, pending final decision on the application, provided that the individual does not have an adverse license history (e.g., a previous license application denied or a prior license revoked).

To assist the security guard companies, the Division maintains the Security Guard Registry; a database of all people who have ever applied for a security guard license, whether or not the Division approved the application. The Registry maintains a complete licensing history of these individuals to ensure that no information is lost which would otherwise prevent someone from being employed as a security guard. As of December 2006, the Registry had 128,344 individuals listed and was continuing to grow. Security guard companies can access the Registry via an automated system. If the system has no information indicating that the person’s license was ever denied or revoked, the company receives a transaction number which serves as authorization to hire. For individuals who are not yet licensed, this transaction number allows the company to begin employing the person immediately; before the Division has completed its review of the application.

Employees working in this unit indicated that the automated system only works for about half of the individuals included in the database. For the others, their personal history is too complex for the system to verify. For example, the system cannot distinguish between someone who has had a license denied or revoked and someone who has either had a lapse in coverage or worked for multiple security guard companies at the same time. As a result, the security guard companies that wish to hire these people often cannot get a transaction number from the system and must call the Security Guard Call Center for further information.

When we discussed the system limitations with management, they indicated that whether a security guard company uses the automated system or calls the Division, the result is the same: the company will not be authorized to hire an individual who is not eligible to work as a security guard. However, we note that the system was intended to assist the companies with hiring, not make it more difficult by adding an extra step half of the time. To this end, the Division needs to review the automated system and identify the cost-effectiveness of necessary enhancements to handle individuals with complex histories.

We also found the controls can be improved to ensure security guard companies comply with other legal requirements in a timely manner. After a company receives a transaction number authorizing it to hire a guard, it has seven days to submit the required documentation to the Division. For existing licensees, the company must submit a notification form which is used to update the person’s employment history on the Registry. For new applicants, the company must sign and submit the application form. The security
guard companies must keep a record of the transaction number they are given, but they are not required to include that number on the form submitted to the Division. In addition, the Division may provide one transaction number to a large security guard company to cover multiple individuals being hired at the same time.

Officials told us they perform investigations of security guard companies about once every three years. These investigations reconcile the Division’s records of licensed guards to the guards listed on the company’s payroll. The investigation also verifies that there is a transaction number in each employee’s file. These verifications are important steps to ensure that all guards are licensed. However, no reconciliation is performed to match the transaction numbers issued by the Division to the security guards’ records, the applications submitted or the notification forms received by the Division. The Division should regularly do such reconciliations to ensure the authorization numbers match the people actually hired and that the companies are complying with the seven-day requirement. Both of these steps are important factors in keeping the Registry accurate and up-to-date.

While the Division processes security guard applications, the New York State Division of Criminal Justice Services (DCJS) is responsible both for verifying that the applicant’s educational requirement has been met and for conducting a fingerprint check. The Federal Bureau of Investigations (FBI) also conducts a fingerprint check. Article 7-A of the General Business Law requires the Division to send fingerprint cards to DCJS within five business days of receipt of the application. DCJS then forwards a set to the FBI. We reviewed a judgmental sample of 23 applications for which we could determine both the date received and the date processing began and found the Division submitted fingerprint cards on average 13 days after receipt; eight days later than the law requires. Once the fingerprint cards are submitted to DCJS, the Division does as much processing as it can. However, a final decision cannot be made until both DCJS and the FBI have completed their fingerprint checks and reported the results to the Division. For the applications we reviewed, 15 had been fully processed. For these 15, an average of 55 days passed from receipt of application to the date the license was issued. It took DCJS an average of nine days to report its results and the FBI an average of 41 days. Although the Division has no control over the time DCJS and the FBI take to verify fingerprint checks, it can control how quickly it starts the fingerprint verification process. By meeting the five-day requirement specified in the law, the Division could reduce the processing time for security guard applications by more than a week.

Cost-Effectiveness of Division Operations

We found that the Division does not track the cost-effectiveness of its application processing operations. The Division does track the application fees collected each month by license type, however, expenditures are not similarly classified. In fiscal year 2005-2006, the Division collected $17.6 million in application fees (out of $22.1 million in total revenues) and made $16.2 million in expenditures. Overall, the Division’s revenues are sufficient to cover its expenditures. However, the Division does not determine the cost-effectiveness of the various activities it engages in, such as developing exams or reviewing applications, nor does it determine the cost-effectiveness of the various license types issued.

As indicated previously, management appears more focused on the day-to-day processing of applications than on identifying ways to
improve the process itself. The performance measures used by management are all related to the volume of work, not on the timeliness or cost-effectiveness of operations.

Officials stated they are continually working to improve their processes. However, these actions appear to be ad hoc at best and not the result of either a formal review of processes or regular monitoring of performance. In addition, employees whom we surveyed indicated that they did not feel management was open to suggestions for process improvements. We observed that the Division does not have a formal mechanism for making such suggestions. By focusing solely on the volume of applications processed, management has little assurance of meeting its stated mission or the public expectation to provide efficient processing and examination services to license applicants; nor is it able to identify possible improvement opportunities.

**Recommendations**

1. Develop performance measures for the timeliness and accuracy of application processing, including setting targets and measuring against those targets.

2. Develop an electronic system for transferring and storing application forms and related supporting documentation.

3. Review rejected and denied applications to identify common problems and develop a method to inform the public how to avoid those problems.

4. Change application materials so that Appearance Enhancement applicants are no longer asked to provide original documentation that will not be automatically returned to them.

5. Improve training for new employees, such as by identifying core competencies or by developing a formal training curriculum.

6. Ensure employees receive regular performance evaluations and explore other ways to improve communication between management and staff to help reduce employee turnover rates.

7. Identify common concerns of callers and develop alternative methods for providing information to applicants, licensees and others which would result in fewer calls to the phone bank.

8. Identify and evaluate the cost-benefit of enhancements to the Security Guard Registry to improve the system’s ability to handle inquiries about individuals with complex licensing histories.

9. Reconcile transaction numbers issued with application and notification forms received to ensure security guard companies are complying with the law.

10. Ensure that fingerprint cards are sent to DCJS within five business days of receipt.

11. Develop and monitor performance measures related to the cost-effectiveness of application processing activities.
AUDIT SCOPE AND METHODOLOGY

We conducted our performance audit in accordance with generally accepted government auditing standards. We audited the Department’s activities related to the issuance of licenses, including the review of license applications and the processing of approved applications, for the period April 1, 2004 through December 20, 2006. We reviewed application processing and the main customer service phone bank for efficiency and effectiveness of operations. We also reviewed the operation of the Security Guard Registry, but not its associated customer service phone bank. We did not examine the process for license renewals, as those activities are handled primarily by an outside contractor.

To accomplish our objective, we reviewed the provisions of relevant State laws and regulations regarding licenses administered by the Division and met with Division officials and staff. We also surveyed staff involved in license processing and reviewed a small judgmental sample of applications which had been processed through November 2006. Our sample included 15 applications for Appearance Enhancement licenses (ten that were approved and five that were denied), 15 applications for Real Estate Sales licenses (ten that were approved and five that were denied), and 30 applications for Security Guard licenses (ten that were rejected as incomplete, five that were approved, five that were pending the results of fingerprint checks, and ten that were denied).

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State’s accounting system; preparing the State’s financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller’s authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

REPORTING REQUIREMENTS

A draft copy of this report was provided to Department officials for their review and comment. Their comments were considered in preparing this report and are included as Appendix A.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Secretary of State shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Frank Houston, John Buyce, Christine Rush, Jennifer Paperman, Sarah Purcell, Laurie Burns, Andrea Dagastine, Elizabeth Norniella and Paul Bachman.
APPENDIX A - AUDITEE RESPONSE

STATE OF NEW YORK
DEPARTMENT OF STATE
41 STATE STREET
ALBANY, NY 12231-0001

Eliot Spitzer
Governor

Lorraine A. Cortés-Vázquez
Secretary of State

May 23, 2007

Mr. John Buyce
Audit Manager
Division of State Services
State Audit Bureau
Office of the State Comptroller
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Buyce:

We have reviewed the Office of the State Comptroller’s audit report (2006-S-91) addressing whether the Department of State’s Division of Licensing Services processes licensing applications in an efficient and effective manner.

We are pleased you “found that Division employees are properly reviewing license applications and only approving those submitted by qualified individuals.” We focus our efforts on accuracy and continually work to improve our processes and welcome your recommendations toward that effort.

Our comments and responses to the 11 recommendations made in your report follow below. We understand our response will be included as part of your final report.

Recommendation #1

*Develop performance measures for the timeliness and accuracy of application processing, including setting targets and measuring against those targets.*

We are about to pilot a new computer system that will make the use and tracking of performance measures more feasible. Once the system is fully implemented, we will look at establishing performance measures.

Recommendation #2

*Develop an electronic system for transferring and storing application forms and related supporting documentation.*
Mr. John Buyec
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The request for proposal for the computer system we are about to pilot included a required "ability to seamlessly integrate with 3rd party imaging solutions." We plan to initially implement the system’s processing capabilities. Thereafter, we will consider scanning documents for viewing within the system.

Recommendation #3

Review rejected and denied applications to identify common problems and develop a method to inform the public how to avoid those problems.

We routinely review applications, identify reasons for rejection and, where appropriate, modify application forms in order to address common problems. Additionally, we note customer concerns communicated to us by email and to our phone bank, and take appropriate action to address them. The public is kept apprised of newly modified forms, procedures and other issues via our website and by our phone bank operators.

Recommendation #4

Change application materials so that Appearance Enhancement applicants are no longer asked to provide original documentation that will not be automatically returned to them.

The website and application instructions now reflect this change.

Recommendation # 3

Improve training for new employees, such as identifying core competencies and developing a formal training curriculum.

Employees now participate in bi-weekly training sessions. Efforts continue to develop a more standardized training program.

Recommendation # 6

Ensure employees receive regular performance evaluations and explore other ways to improve communication between management and staff to help reduce employee turnover rates.

All supervisors are required to regularly evaluate employees’ performance.

We are glad to see the auditors noted that we “attribute the high turnover rate to the workload and job expectations which, in our (their) opinion, exceed those of similar paying positions both within and outside the Department.” The vast majority of employees leave for a higher-grade level position. We have worked to increase grade levels and promotional opportunities, but have not been successful. We will continue our efforts to reduce turnover.

Recommendation # 7

Identify common concerns of callers and develop alternative methods for providing information to applicants, licensees and others which would result in fewer calls to the phone bank.

*See State Comptroller’s Comments, page 14
Mr. John Buyce  
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We continually work to identify common concerns of callers and develop alternative methods for providing information. The computer system we are about to pilot will give applicants the online ability to apply for a license and to check exam results. This may result in fewer calls to the phone bank.

**Recommendation # 8**

*Identify and evaluate the cost-benefit of enhancements to the Security Guard Registry to improve the system’s ability to handle inquiries about individuals with complex licensing histories.*

Work has begun on a computer system modification that will enable the Automated Security Guard Registry to handle inquiries about individuals with a complex licensing history.

**Recommendation # 9**

*Reconcile transaction numbers issued with application and notification forms received to ensure security guard companies are complying with the law.*

We verify transaction numbers, along with other hiring criteria, during our on-site inspections to insure compliance. Implementing this recommendation would lengthen processing times. Therefore, we do not agree with this recommendation.

**Recommendation # 10**

*Ensure that fingerprint cards are sent to DCJS within five business days of receipt.*

Fingerprint cards are now sent to DCJS within five business days of receipt. We continue to explore the feasibility of collaborating with other state agencies to utilize a coordinated fingerprinting system.

**Recommendation # 11**

*Develop and monitor performance measures related to the cost-effectiveness of application processing activities.*

Again, we are about to pilot a new computer system that will make feasible the use of advanced performance measures. When up and running, this system will enable closer analysis of the cost-effectiveness of various processing activities.

Thank you for the opportunity to respond to your audit. We will continue our efforts to identify improvements to the licensing process at the Department of State.

Sincerely,

Lorraine Cortés-Vázquez  
Secretary of State

LCV/wyb

*See State Comptroller’s Comments, page 14*
1. Division officials state that they routinely update application forms to improve processing. However, this is not the only approach by which common problems could be addressed. Other steps the Division could take include revising the application instructions and developing Frequently-Asked Questions (FAQs) regarding completion of applications. We found no evidence that the Division has pursued these alternate approaches.

2. Division officials state that staff verify transaction numbers during on-site visits. However, these visits usually occur only once every three years. Further, investigators reconcile the Division’s and company’s records primarily to ensure that all guards on the current payroll are licensed. They do not verify that applications are submitted to the Division within the required timeframe. The Division, therefore, cannot be adequately assured that the security guard companies are complying with the law. The Division already requires security guard companies to record the transaction number on the company copy of the application, so recording it on the application submitted to the Division would not pose an additional burden. Since current the processing time for an application includes about a month during which the Division is waiting for fingerprint results, addition of a step to verify the transaction authorization number should not cause further delay.