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December 20, 2007

Mr. Richard P. Mills  
Commissioner  
New York State Education Department  
State Education Building - Rm. 111  
89 Washington Avenue  
Albany, New York 12234

Report 2007-F-48

Dear Mr. Mills:

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, we have followed up on the actions taken by officials of the State Education Department (SED) to implement the recommendations contained in our audit report, *Use Of Information Technology For Professional Licensing And Renewal* (Report 2006-S-22).

**Background, Scope and Objective**

The State Education Department's (SED's) Office of the Professions (Office) regulates and licenses 47 professions. New York currently has over 749,000 professional licensees and over 46,000 professional practice business entities. Nursing, medicine, accounting, architecture, engineering, pharmacy, and social work are among the disciplines with the highest numbers of licensed professionals. The Office's responsibilities include reviewing and processing applications for licenses (including reviews of applicants' qualifications) and license renewals. The Office also issues license certificates. Generally, professionals must renew their licenses every three years. However, physicians and medical physicists must renew their licenses every two years.

Fees for license applications and renewals are the sole means of financial support for the Office. Typical licensing and renewal fees generally range from \$100 to \$300. The State has not increased the fees to apply for or renew a license since 1987. For fiscal year 2006-07, the Office had revenues of \$41.3 million, and expenses totaled \$40.9 million. At the time of our follow-up, the Office had 349 employees.

Our initial audit report, which was issued on December 14, 2006, examined SED's professional licensing and renewal process for the period April 1, 2004 through June 30, 2006. The objectives of our performance audit were to determine if the Office was: (1) optimizing information technology to minimize processing costs and times for professionals to apply for and renew licenses; and (2) fully covering its operating costs, as required by the State Finance Law.

Our initial audit concluded that SED initiated the Online Licensing Project (Project) to expand its use of technology for the application and registration renewal processes for professional licenses. However, progress on the Project was limited because there were problems with contractor performance and because SED did not consistently follow standard project management guidelines. We also found the Office is financially self-sufficient (in compliance with State Law), and fees collected for license applications and renewals were used solely for Office operations. The objective of our follow-up, which was conducted in accordance with generally accepted government auditing standards, was to assess the extent of implementation, as of December 12, 2007, of the five recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

SED officials made considerable progress in addressing the matters we identified in our initial report. Of the five prior audit recommendations, four recommendations have been implemented, and one recommendation has been partially implemented.

### **Follow-up Observations**

#### **Recommendation 1**

*Follow project management standards, such as those outlined in the Office for Technology's Guidebook or other project management tools, to ensure the Project is concluded in a timely, efficient and economical manner.*

Status - Implemented

Agency Action - In August 2007, SED hired a Project Coordinator for the Office. The coordinator restarted the Project in September 2007 and is following the project management standards detailed in the Office for Technology's Guidebook to ensure the Project is concluded in a timely, efficient and economical manner. To comply with the Guidebook's standards, for example, the Office has formally identified the Project's internal and external stakeholders. In addition, a Business Case Document (which provides a detailed explanation of and justification for a project) was prepared and submitted to the Project's sponsors and stakeholders for their review and approval.

#### **Recommendation 2**

*Formally assess the need and feasibility of the establishment of a Project Management Office (or an office with equivalent capabilities and responsibilities) to help ensure that major IT and other program projects are administered efficiently and effectively.*

Status - Implemented

Agency Action - SED formally assessed the need and feasibility of the establishment of a Project Management Office (PMO) to help ensure that major IT and other program projects are administered efficiently and effectively. As noted previously, SED hired a Project Coordinator for the Office. In addition, SED officials drafted a charter for the PMO. According to the charter, the PMO will fulfill a need to proactively address problems that have arisen due to inadequate or poorly applied project management practices.

### **Recommendation 3**

*Maintain periodic data on the number of license applications and renewals pending approval or other disposition. Analyze the data to determine if there are significant changes in backlogs that may require corrective actions by management.*

Status - Implemented

Agency Action - Since our initial audit, Office officials began collecting data on the time it takes to process licenses for each profession on a weekly basis. This information is summarized in a report which is made available to the Professional Licensing Director and unit managers in the Office. The Professional Licensing Director and managers review the information and shift resources to handle any backlogs that develop.

### **Recommendation 4**

*Complete plans for an imaging system to ensure an easier and more efficient access to applicant data by Office staff.*

Status - Partially Implemented

Agency Action - As part of the Project, SED officials determined that they need an imaging solution to help standardize certain processes and to eliminate delays attributable to manual, paper-intensive work activities. Currently, SED is imaging 25 percent of its license-related documentation. To further expand the use of imaging, officials plan to research several potential imaging applications.

### **Recommendation 5**

*Update the Office's system to allow professionals to update information, such as address changes, online.*

Status - Implemented

Agency Action - In September 2007, SED officials put into operation the on-line Registration Renewal process. Beginning at that time, officials enclosed notices of the new on-line process in paper renewal applications mailed to professionals. A licensed professional now can renew a license and pay the renewal fee on-line or make a license "inactive" through the site. The on-line renewal process also includes the ability to update certain information

(including change of address) and to request a return to “active” status, if a professional has been “inactive.” Once a licensed professional uses the site to renew a license, the professional can update his/her information at any time.

Major contributors to this report were William Clynes and Donald Collins.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in the report. We also thank the management and staff of SED for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Brian E. Mason  
Audit Manager

cc: Ms. Theresa Savo, SED  
Mr. James Conway, SED  
Lisa Ng, Division of Budget