

STATE OF NEW HAMPSHIRE
Banking Department

Financial Audit

AUDIT FINDING Corrective Action Plan

Status as of March 28, 2019

Completion Status:

- Unresolved
- Remediation in Process
- (Action beyond meeting and discussion)
- Resolved

2018 Financial Audit

Obs. #	Observation Title	Recommendation(s)	Action Items	Due Date(s)	Completion Status	Comments
1	Prepare and Implement Fundamental Internal Control Processes and Plans	Prepare, implement, and maintain internal control processes and plans, including a formal risk assessment process, a formal fraud reporting and mitigation process, an information technology plan, and a disaster recovery plan. Finalize Continuity of Operations Plan (“COOP”)	<ul style="list-style-type: none"> • Draft/implement risk assessment process • Draft/implement fraud reporting and mitigation process • Draft/implement information technology plan • Draft/implement disaster recovery plan • Draft/implement COOP 	Risk Assessment: 12/2020 Fraud reporting: 12/2019 IT Plan: 03/2018 Disaster Recovery: 12/2020 COOP: 12/2019	<input checked="" type="radio"/> <input type="radio"/>	03/2018 NHBD submitted finalized IT Plan for 2020-2021 Budget Biennium to DoIT. 2/22/2019 Draft fraud reporting policy under review by staff.
2	Support All Significant Aspects of Financial Operations with Formal Management-Approved Policies and Procedures	Support all significant aspects of financial operations with formal management-approved policies and procedures that address processes and controls that promote financial	<ul style="list-style-type: none"> • Inventory of all significant financial operations and review whether existing policies and procedure controls 	Assessment Calculation Policy: 12/2020	<input checked="" type="radio"/> <input type="radio"/>	10/17/18 Implemented Per Diem Calculation Policy and Procedure.

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		<p>operations and compliance with management’s objectives and expectations.</p> <p>Perform an inventory of all significant financial operations and review whether existing policies and procedure controls are adequate or whether policies and procedures need to be established or updated.</p> <p>Communicate any new policies/procedures and training appropriately.</p> <p>Establish a suitable monitoring control to ensure that policies and procedures that are in place operate as intended and remain relevant to risks.</p>	<p>are adequate or whether policies and procedures need to be established or updated.</p> <ul style="list-style-type: none"> • Draft/implement assessment calculation and billings policy • Draft/implement per diem calculation and billing policy • Review procedures for licensing of individuals and entities and collecting of related fees and fines to determine whether existing policies and procedure controls are adequate or whether policies and procedures need to be established or updated. • Draft/implement monthly reconciliation policy. • Review Creating Policies and Procedures policy to 	<p>Per Diem Calculation Policy and Procedure: 10/17/18</p> <p>Other due dates to be determined at audit remediation plan meeting on 4/8/19</p>		
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			ensure that it sufficiently communicates new policies to staff and creates a suitable monitoring system for policies and procedures currently in effect.			
3	Continue Efforts to Expand Use of Technology	Continue efforts to expand the Department's use of technology to gain the benefits of efficiency, effectiveness, and accuracy.	<ul style="list-style-type: none"> • Draft/implement a IT Plan. • Implement appropriate controls, including information review and approval controls and reconciliation controls, to ensure the information going into the current systems is complete and accurate and that information derived from the current systems is reliable • Establish monitoring controls to ensure the information systems and 	IT Plan: 3/2018 Other due dates to be determined at audit remediation plan meeting on 4/8/19	● ○	03/2018 NHBD submitted finalized IT Plan for 2020-2021 Budget Biennium to DoIT.

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			<p>controls continue to operate as intended.</p> <ul style="list-style-type: none"> • Draft/implement billing procedure. • Implement database functionality for facilitating reconciliation of payments made through the NMLS for licensing 			
4	Strengthen Payroll Controls	Strengthen payroll controls to include policies and procedures implementing a review and approval of the final payroll register report that is generated prior to the issuance of the payroll.	<ul style="list-style-type: none"> • Draft/implement procedure for review payroll records after time is submitted through NH First. 	Due date to be determined at audit remediation plan meeting on 4/8/19	● ○	HR staff immediately implemented a verbal policy to review and approve the final payroll register report. Staff are currently drafting procedure to document steps for review of payroll records after time is submitted through NH First.
5	Evaluate and Control Risks Associated with Outsourced Services	Regularly obtain, review, and react to the SOC Report for the State License and Registration Payment Processing Service System, including ensuring that any relevant complementary user controls are in place and operating effectively.	<ul style="list-style-type: none"> • Draft/implement policy to obtain, review, and react to SOC Report. 	CSBS SOC1 Report Review Policy: 2/14/19	● ●	2/14/19 Implemented CSBS SOC1 Report Review Policy.

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**2011 Financial Audit
(Outstanding Items Not Covered in 2018 Financial Audit)**

Obs. #	Observation Title	Recommendation(s)	Action Items	Due Date(s)	Completion Status	Comments
4	Policies and Procedures for Responding to Consumer Complaints Should Be Established.	Establish policies and procedures to ensure timely response to consumer complaints of unfair or deceptive acts or practices by regulated financial institutions.	<ul style="list-style-type: none"> Draft/implement complaint policy and procedure. 	12/2019	● ○	3/22/19 Draft complaint policy and procedure under review by staff.
13	Administrative Rules Should Be Kept Current	Adopt required rules and establish policies and procedures to ensure, going forward, all required administrative rules and appropriate discretionary administrative rules are adopted and readopted in a timely manner.	<ul style="list-style-type: none"> Review and seek legislation where necessary to ensure rulemaking authority is available to Department as appropriate and necessary. 	Future due date to be determined at audit remediation plan meeting on 4/8/19	● ○	Multiple pieces of legislation are currently under review by legislature that help ensure that rulemaking authority is available to Department as appropriate and necessary.