

**STATE OF NEW HAMPSHIRE
Banking Department**

Financial Audit

AUDIT FINDING Corrective Action Plan

Status as of August 2, 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”)	Draft/implement risk assessment process	12/2020	● ○	Received and reviewed sample risk assessment materials. Preliminary drafting of risk assessment process begun.
			Draft/implement fraud reporting and mitigation process	7/23/2019	● ●	Fraud Prevention Policy drafted, approved, and implemented.
			Draft/implement Ethics Policy	7/23/2019	● ●	Ethics Policy drafted, approved, and implemented.
			Draft/implement Recusal Policy	7/31/2019	● ●	Recusal Policy drafted, approved, and implemented.
			Draft/implement information technology plan	03/2018	● ●	NHBD submitted finalized IT Plan for 2020-2021 Budget Biennium to DoIT.
			Draft/implement disaster recovery plan	12/2020	● ○	Received sample Disaster Recovery Plans from contact at DoIT and conducted preliminary review of those samples.

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			Draft/implement COOP	12/2019	● ○	COOP Team established. Team met and drafted Mission Critical Functions list. Next step is to start determining which records/materials/supplies are necessary to support mission critical functions. Next meeting set for mid-August.
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 operations and compliance with management's objectives and expectations. Perform an inventory of all significant financial operations and review whether existing policies and procedure controls are adequate	Draft/implement assessment calculation policy	12/2020	● ○	Procedure for calculating assessment in drafting process. Goal of having preliminary draft completed prior to issuing 2019 assessment.
			Draft/implement per diem calculation policy	10/17/18	● ●	Per Diem Calculation Policy and Procedure drafted, approved, and implemented.
			Draft/implement billing/invoicing policy	12/2019	● ●	Draft of invoicing procedure in process.

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	<p>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>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.</p>	12/2020	○ ○	Meeting set to begin process of inventorying CCD Licensing tasks to determine where policies/procedures are required.
		<p>Draft/implement monthly reconciliation policy.</p>	12/2020	● ○	Preliminary procedure drafted for reconciling NMLS with NHBD database.
		<p>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>	12/2020	● ○	Drafted inventory of all significant financial operations created. Began process of linking policies/procedures to each significant financial operation.

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			Review Creating Policies and Procedures policy to ensure that it sufficiently communicates new policies to staff and creates a suitable monitoring system for policies and procedures currently in effect.	12/2020	○ ○	Legal Team to review the Creating Policies and Procedures policy for compliance and updating.
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. 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	Draft/implement a IT Plan.	3/2018	● ●	NHBD submitted finalized IT Plan for 2020-2021 Budget Biennium to DoIT. EAG
			Implement database functionality for facilitating reconciliation of payments made through the NMLS for licensing	12/2020	○ ○	
			Implement new database for managing affairs of Department utilizing modern/up-to-date software with appropriate security and control features.	12/2020	● ○	Upgraded current databases from Access '97 to Access 2016 in order to facilitate creation of new database with Access 2016 front end and SQL back end. Conducted preliminary testing of new database for managing Banking/Trust Division activities

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		controls continue to operate as intended.				including examination and business office functionality. New database for managing Banking/Trust Division activities in ready for testing by end-users. End User Testing Plan drafting in process with goal to begin testing in 9/2019. Preliminary meeting with end users to discuss business requirements for new database to manage CCD activities.
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.	Draft/implement procedure for review payroll records after time is submitted through NH First.	7/31/19	● ●	The Payroll Policy and Procedure was drafted, approved, and implemented.
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.	Draft/implement policy to obtain, review, and react to SOC Report.	2/14/19	● ●	CSBS SOC1 Report Review Policy was drafted, approved, and implemented in February 2019. Policy updated in July 2019.

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

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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.	Draft/implement complaint policy and procedure.	12/2019	<input checked="" type="radio"/> <input type="radio"/>	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.	Review and seek legislation where necessary to ensure rulemaking authority is available to Department as appropriate and necessary.	12/2020	<input checked="" type="radio"/> <input type="radio"/>	Legislation approved and signed into law to help ensure that rulemaking authority is available to Department as appropriate and necessary. Legal Team to develop plan for rulemaking.