

State of New Hampshire
Department of Business and Economic Affairs
AUDIT Observation Corrective Action Plan
In Response to Financial Audit Report for the Nine Months Ended March 31, 2022
LBA Dated September 28,2022

Completion Status:

Open *

Partially Resolved **

Substantively Resolved ***

Fully Resolved ****

Status as of September 30, 2023

Obs #	Observation Title	Recommendation	Action Item	Due Date	Completion Status	Comments
1	<i>Establish a Formal Risk Assessment Process</i>	Establish and document a formal risk assessment process for recognizing, evaluating, and responding to risks that could affect its ability to achieve its financial accounting, reporting, and compliance objectives.	Develop a plan to establish formal risk assessment process.	12/31/2023	**	The Department is working on substantial steps to complete the action items. Staff is working to address these concerns by looking holistically at internal processes and procedures across multiple program areas.
		Regularly review its financial and operational activities for indicators of risk exposure and establish and monitor controls to address those risks. Department employees with particular areas of expertise and knowledge of Department operations should participate in the review to ensure that details of operations that may not be obvious to management are appropriately considered. A periodic, documented review of the risk assessment by management should be incorporated in the process.	Develop review plan for potential risk exposures.			

2	<i>Accounts Payable Processing Controls Should be Strengthened</i>	Review the State's accounts payable policies with all Department Divisions and bureaus responsible for approving invoices and reinforce the importance of timely processing and accuracy in charging expenditures to the proper accounting period.	Review State's Accounts Payable Policies and train Dept Division or Bureau for approving Invoices	12/31/2023	***	The Department is reviewing and assessing controls on a rolling basis. It has subsequently worked to amend the accounts payable policy and continually inform the Departments Divisions of the need for proper and timely processing of obligations.
		Amend the Department's Purchasing and Accounts Payable Policy to ensure invoices are paid in accordance with the contract terms and invoice provisions, or within 30 days if none are specified, which is standard payment practice.	Work to amend Depts Purchasing and Accounts Payable Policy accordingly.			
3	<i>Federal Grants Drawdowns Should be Reviewed and Approved</i>	Amend Department Cash Management Policy for Federal Funds to include a provision whereby all requests for federal reimbursement require review and approval control procedure to be performed by a person knowledgeable of the program who is independent of the preparation process. This control procedure should be documented, similar to the procedure performed for requests processed by OWO, and implemented without delay.	Revise Cash Management Policy for Federal Funds to standardize the process with a written procedure, and a review on a regular basis.	12/31/2023	**	The Department is working on steps to complete the action items. The Department is making progress and is using best practices to inform decision making.

4	<i>Controls Over Processing Of Transfers Of Personnel Expenditures Should be Strengthened</i>	Strengthen controls over processing of transfers of personnel expenditures to ensure recording and reporting of accurate financial information. The process should be based on actual expenditures not budgeted amounts.	Review methodology underlying the formula for the FY24/25 budget	6/30/2023	****	The Department has taken corrective action and has accurately represented actual expenditures in the FY24/25 Budget.
5	<i>Compliance with MOU's Should Be Improved</i>	<p>Comply with State policy seeking Governor and Executive Council approval for all interagency MOU's involving expenditures in the amount of \$10,000 or more, as required by the DAS Manual of Procedures, MOP 150, section V.A.4.</p> <p>Perform a thorough review of its interagency MOU's. At a minimum, the review should include procedures to ensure MOU provisions remain relevant, necessary, and include regular monitoring to ensure satisfactory compliance has been achieved by both parties.</p>	Conduct a review of MOU's and develop procedures to ensure MOU provisions remain relevant and applicable.	12/31/2023	**	The Department is reviewing and assessing controls on a rolling basis. New MOU's have utilized the feedback provided. The Department is working on steps to improve internal procedure with regard to this item.

6	<i>Controls Over Brochure Program Receipts Should be Strengthened</i>	Review the statutory language in RSA 230:52,II, regarding the adoption of rules for the rental of rack space related to its brochure program and consider whether an amendment is necessary due to the change in management responsibilities for the WIC's from DOT to the Department.	Dept will review RSA 230:52,II and other relevant statutes regarding rental of rack space and possibly seek legislative changed to reflect present management realities.	12/31/2024	***	The Department is reviewing RSA 230:52, II and assessing controls over the brochure program. The Department has centralized checks being received at the Business Office to mitigate misappropriation. The Department has fully resolved the NH First segregation.
		Centralize the processing of brochure program checks in the Business Office to minimize the transfer of checks from person to person and reduce the risk of loss or misappropriation.				
		Implement policies and procedures to ensure permissions of related employees are appropriately segregated within NHFirst.	Dept will ensure NHFirst policies and procedures regarding related employees are implemented			
7	<i>Plans Critical to Financial Accounting and Reporting Process Should Be Established</i>	Establish an information technology plan in accordance with RSA 9:4-b to strengthen its financial accounting and reporting processes, and to ensure its technology needs are adequately coordinated and managed by the State's Department of Information Technology.	Formalize disaster recovery and business continuity plans being utilized during the pandemic.			The Department is in the process of establishing a DOIT plan. The Department will look to DoIT for the States plan, review and adopt as appropriate to the Department.

		<p>Establish disaster recovery and business continuity plans to document procedures specific to the Department's functions and to minimize business interruptions in the event of unforeseen occurrence. The plans should be formally documented and distributed to employees with plan roles and responsibilities, and those employees should be appropriately trained. The Department should regularly test the plans to ensure plans remain relevant and effective, and employees are practiced in implementing the plans.</p>		12/31/2023	**	
8	<i>NHFirst Access Permissions Should Be Periodically Reviewed</i>	<p>Improve controls over NHFirst access permissions. Policies and procedures should be established for the maintenance, and periodic review, of employee access permissions to ensure the privileges granted to employees continue to remain relevant to current job responsibilities and that permissions granted to related employees are appropriately segregated.</p>	<p>Run NHFirst Access report, and ensure permissions and responsibilities are appropriately segregated.</p>	6/30/2023	****	<p>The Department has taken corrective action and has accurately represented actual expenditures in the FY24/25 Budget. At a minimum, the elevated access report is reviewed against access forms and the active employee list on a regular basis.</p>

9	<i>State Development Plan Should Be Established</i>	<p>Coordinate and collaborate with State partners to establish a current, cohesive State Development Plan in accordance with RSA 9-A to ensure the State is adequately addressing economic disparities, maintaining a strong economy, developing a globally competitive workforce, investing in essential infrastructure, and preserving the quality of life.</p> <p>If the Department determines that such a comprehensive plan is not deemed necessary or feasible, it should seek appropriate statutory revision.</p>	Department will seek ways to help address the challenges to establish the Plan in the future.	12/31/2024	**	The Department is analyzing associated challenges and obstacles to the completion of the State Development Plan.
10	<i>Administrative Rules Should Be Adopted</i>	Adopt statutorily required administrative rules in a timely manner. If the Department determines certain rules are not necessary, the Department should seek appropriate statutory revision.	The Department will update or adopt administrative rules accordingly.	12/31/2024	***	The Department has adopted required administrative rules and is in the process of reviewing where other rules may be required.

11	<i>Statements Of Financial Interests Should Be Filed</i>	Department and the State Workforce Innovative Board establish procedures to ensure members submit statements of financial interests by the required filing deadline in accordance with RSA 15-A. The Department should send annual reminders to required filers to inform them of the filing requirements and encourage compliance.	Work with Department to ensure Financial Interest Statements are filed in accordance with RSA 15-A. Additionally, reminder emails will be sent to required filers to encourage compliance.	12/19/2022	****	The Department has resolved the issues related to this observation and will ensure continued compliance.
12	<i>Statutory Reports Should Be Filed As Required</i>	Department file statutorily required reports timely. If the Department determines the filing of certain statutorily required reports is no longer necessary, the Department should seek appropriate statutory revision.	Ensure reports are filed in a timely manner.	12/31/2023	***	The Department will continue to file statutorily required reports and ensure these and any future reports are filed in a timely manner.
13	<i>Broadband Matching Grant Initiative Should Be Established</i>	Continue to work towards establishing the broadband grant initiative required by RSA12-O:61 to expand, and improve, access to broadband in all areas of the State.	Fully implement BMGI program.	12/31/2023	****	The Department has resolved the issues related to this observation and will ensure continued compliance.

14	<i>Feasibility Of Implementing The NH College Graduate Retention Incentive Partnership Program Should Be Determined</i>	Take steps to determine feasibility of implementing the NH GRIP program established under RSA 12-O:47. If Department determines it is feasible to pursue efforts to administer the program, the Department should consider the following:	Statutory change.	6/30/2023	****	This program was repealed in CH79 HB2 L2023 therefore the Department has resolved the issues related to this observation.
		* develop a strategy and take a more active role to raise awareness of the incentives available to college students under the program. In addition to using electronic media and social media to promote the program, advertisements should be displayed in the career services offices of all eligible colleges and universities, and in the human resources offices of participating employers throughout the State.				
		* include requests for program appropriations in its biennial agency budget requests in accordance with RSA 12-O:50.				
		If Department determines it is not feasible to pursue efforts to administer the program, the Department should seek appropriate statutory revision.				
15	<i>Statute Establishing COVID-19 Micro Enterprise Relief Fund Should Be Reviewed</i>	Establish the Relief Fund in accordance with statute or, if not deemed necessary, seek appropriate statutory revision.	Statutory change	6/30/2023	****	This program was repealed in CH79 HB2 L2023 – resolved.

16	<i>Statutes Should Be Reviewed For Alignment With Organizational, Accounting, And Reporting Structure</i>	Perform a thorough review of its enabling statutes, organizational chart, and chart of accounts to ensure its functional work units are properly aligned to meet its organizational objectives, and accounting and reporting needs. If the Department determines its statutes are outdated, it should seek appropriate statutory revision.	Statutory change	6/30/2023	****	The Department reviews statutes at a minimum of annually and as programs change or become available therefore issues related this are considered resolved.
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