

STATE OF NEW HAMPSHIRE
Division of Parks and Recreation, Department of Resources and Economic Development
Cannon Mountain Audit Findings Corrective Action Plan
 Status as of July 26th, 2015

Completion Status:
 Open •
 Partial ••
 Substantial •••
 Full ••••

#	Observation Title	Recommendation	Action Item	Due date	Completion Status	Comments
2	Establish Policies and Procedures for all Significant Financial Activities	<ul style="list-style-type: none"> ➤ Establish policies and procedures to support its employees in performing significant financial accounting and reporting activities, including performing and reviewing the collection, recording, and reporting of revenue and compile in a generally accessible and indexed manual or form ➤ Employees should be trained in the application of the policies and procedures, and management should monitor to ensure that the controls provided by the policies and procedures are consistently applied and remain effective. 	<ul style="list-style-type: none"> ➤ Extend existing supervision of centralized financial accounting and reporting activities to exercise direct oversight of the Cannon financial accounting and reporting performance. ➤ Enhance currently documented practices by adding updates, review and approval from department business administrator to ensure accuracy of proper procedures and adherence to established policies where applicable. ➤ Create a repository of all policies and procedures to be accessible by all business staff both centrally and locally and provide training where necessary. 	11/1/2015	••	
				Ongoing	•	
				Ongoing	••	
3	Reconcile 3 Primary Accounting Systems	<ul style="list-style-type: none"> ➤ Prepare periodic reconciliations of the financial information recorded in its three primary accounting systems. ➤ Review and approve reconciliations to ensure they 	<ul style="list-style-type: none"> ➤ Creation of Quickbooks reconciliation under review pending determination of need for use. ➤ Review and approval of revenue collection 	12/1/2015	•	

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		<ul style="list-style-type: none"> ➤ Separate user names, passwords, and access authorities should be established for the account to ensure that accountability is established and access is appropriately limited to the users' roles and responsibilities. 				
5	Perform Regular and Complete Reconciliations of Clearing Account	<ul style="list-style-type: none"> ➤ Perform a regular and complete reconciliation of its clearing account. All differences identified in the reconciliations should be resolved in a timely manner. ➤ The results of the reconciliations should be reviewed and approved by Department financial management to ensure the accuracy and completeness of the credit card revenues included in the reconciliations. ➤ Establish policies and procedures relative to the proper accounting and reporting of credit card revenues and fees. The policies and procedures should address all of the Department's credit card vendors. 	<ul style="list-style-type: none"> ➤ Establish and maintain a reconciliation that identifies all revenue being transferred from the clearing account for collection less the correctly assessed fee amount. ➤ Establish and maintain as needed, all policies and procedures relative to proper accounting and reporting of credit card revenues and fees. 	1/1/2016	•••	

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		<p>for the jobs defined.</p> <ul style="list-style-type: none"> ➤ All changes to system access, including authorization for the changes, should be documented. 				
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8	Improve Communication of Financial Information	<ul style="list-style-type: none"> ➤ Improve controls to ensure there is a system for, and expectation of, communication of financial information, especially information that may require management's involvement. ➤ Review the cause of the credit card processing issue that resulted in the loss of the credit card sales data and revenue and ensure there are policies and procedures in place to timely mitigate any losses should it happen again. ➤ Review the circumstances that caused a significant revenue control to be unperformed without its notice for half of fiscal year 2014. ➤ Improve its control monitoring to ensure that the controls it 	<ul style="list-style-type: none"> ➤ Cannon Mountain Business office personnel to start participating directly in weekly department business office staff meetings. ➤ All documented business communications via memo or email between the Cannon location and the department business office will include at a minimum the Mountain Manager and the Cannon office manager. ➤ Each department and cannon business office staff member will be required to submit to the agency business administrator a listing of all duties and responsibilities and normal due dates for deliverables for each where applicable. Back-up support will be delegated among the 	12/1/2015	••	

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		intends to have in place are operating as designed.	office staff to ensure coverage in the event of employee absence. ➤ Business administrator will maintain a checklist of business office duties and review with staff regularly to ensure compliance with deadlines and completion of required duties in a timely fashion.			
9	Take Advantage of Available Discounts	➤ Identify those invoices offering discounts. Where efficient, Cannon Mountain and the Department should take advantage of available discounts to lessen cost of operations.	➤ Provide training where necessary and conduct a periodic audit of invoicing activity.	Ongoing	••••	
10	Record All Financial Activity in the Financial Statements	➤ Generally, all financial activity should be recorded in accounting systems and reported on financial statements, including bartered activity. Participating in unrecorded bartered financial activity increases the risk that the extent of financial activity is not understood, properly controlled, and where required, in compliance with laws and rules, including tax reporting requirements.	➤ Develop a documented notification and concurrence procedure to confirm the proper effort has been made to make Department management aware and confirm that partnerships have been formally approved. ➤ Ensure that reporting of financial and accounting data from contracted agency will be sent to the Department Business Office for monthly review.	12/1/2015	•	

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		<ul style="list-style-type: none"> ➤ Consider the appropriateness of the current accounting and financial reporting (including tax reporting) procedures for the external partner and sponsor marketing relationships including the vehicle lease, Lodging Partnership Program, and any other bartered transactions which result in certain Cannon Mountain financial activity to be “off-book”. ➤ Establish policies and procedures that ensure that Department management is aware of, and approves, the external partner and sponsor and other relationships that are not currently recorded in Cannon Mountain’s financial activity. 	<ul style="list-style-type: none"> ➤ The Department Business Administrator will seek guidance from the Director of Finance, Department of Administrative Services as to the appropriateness and accuracy of recording non-monetary bartered transactions under these circumstances to determine if it is required and, if so, how it should be recorded as such. 			
11	Establish Controls to Mitigate Payroll Risks	Cannon Mountain should establish controls to mitigate risks in its payroll process including establishing controls for: <ul style="list-style-type: none"> ➤ A supervisory review of employee hours worked. Each Cannon Mountain department 	<ul style="list-style-type: none"> ➤ To mitigate risk, ensure through written concurrence that every Cannon department manager is viewing payroll, approves prior to final submission, and that discrepancies are discussed with the employee(s) in 	12/1/2015	•	

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		<p>manager should review reported work hours for their employees to ensure employees comply with payroll policies and the payroll appears reasonable.</p> <ul style="list-style-type: none"> ➤ The mitigation of the risk resulting from the broad access provided to the Cannon Mountain payroll officer to make changes to the payroll without any review and approval control. ➤ Providing payroll information reports to Cannon Mountain that could be used to review payroll charged to its accounts. ➤ Proactively monitoring hours worked by seasonal employees to ensure those employees are provided all benefits that they earn, as further discussed in Observation No. N-16. 	<p>question prior to final submission</p> <ul style="list-style-type: none"> ➤ Seek to attain additional payroll reporting out of the NHFIRST payroll system from the Department's Payroll Officer to tighten up all other aspects of payroll reporting 			
12	Mitigate State Payroll System Weakness	<ul style="list-style-type: none"> ➤ Work with DAS to determine whether there is an available control within the State's payroll system that would allow for a review and approval control for payroll changes made by the Department's payroll officer. ➤ Establish formal policies and procedures for an effective 	<ul style="list-style-type: none"> ➤ Enhancement to current department payroll reconciliation procedure relative to the adding and deleting of new employees in the payroll system centrally at the Department. 	12/1/2015	••	

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		review, analysis, and approval of the Department's bi-weekly payroll that would mitigate the weakness caused by the payroll officer's current access authorities and increase the likelihood that payroll errors or frauds would be prevented or detected in a timely manner.				
13	Monitor Benefits Provided to Seasonal Employees	<ul style="list-style-type: none"> ➤ Work with the State's Division of Personnel to determine the appropriate criteria for identifying seasonal employees who become eligible for benefits, by position or by time worked, and determine the appropriate process for notifying and awarding benefits to those employees. ➤ Establish policies and procedures to effectively manage its seasonal employees' work time; to ensure that employees become eligible for benefits as part of a managed work schedule and not through lack of management's oversight of employees' work schedules and hours. ➤ Consult with appropriate parties to determine whether any 	<ul style="list-style-type: none"> ➤ Develop an internal review process that the payroll manager at Cannon Mountain can use for the purpose of providing better oversight of hours worked by individuals and which can be provided to managers for the purpose of exercising better control and oversight of work schedules for seasonal employees. 	12/1/2015	•	

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		liability exists for past benefit determinations and whether action is required at this time relative to benefits not having been provided during fiscal year 2014 and prior.				
14	Review the Awarding and Reporting of Fringe Benefits	<ul style="list-style-type: none"> ➤ Review with appropriate subject experts whether federal tax regulations require Cannon Mountain to report the monetary value of certain benefits provided to employees, volunteers, and affiliates. ➤ Evaluate its criteria for awarding these benefits to ensure that that the benefits provided to employees, volunteers, and affiliates remain economical. 	<ul style="list-style-type: none"> ➤ Obtain professional tax-law guidance to determine impact if any, of IRS regulations. 	12/1/2015	•	
15	Improve Accountability and Transparency Over No-Cost Passes	<ul style="list-style-type: none"> ➤ Improve the accountability and transparency over its issuance of no-cost passes. ➤ Information on the use of no-cost passes should be accumulated, analyzed, and reported for management's review and approval. 	<ul style="list-style-type: none"> ➤ The Business Office at Cannon will provide an accounting of the number and type of passes made available for distribution and will update and report monthly to the Commissioner, Director of Parks and Recreation, and the Department Business Administrator. Additionally, 	12/1/2015	•	

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		<ul style="list-style-type: none"> ➤ Management should ensure the analysis demonstrates their delegation of authority has been properly administered and the program is providing the intended results. ➤ Consider whether the financial activity resulting from bartered services should be reported for Federal income tax purposes and considered for inclusion in Cannon Mountain's financial statements. 	<ul style="list-style-type: none"> Department management will consult annually with Cannon management regarding the effectiveness of such issuances. ➤ The Department Business Administrator will seek professional tax-law guidance regarding the consideration of Federal Internal Revenue Service regulations should they be applicable. 			
16	Improve Accountability of Discounted Season Passes	<ul style="list-style-type: none"> ➤ Improve accountability over discounted season passes. ➤ Consider modifying its policies and procedures for recording season pass transactions in its point of sale system to capture additional information and provide additional accountability over its issued season passes. 	<ul style="list-style-type: none"> ➤ Statistical and demographical information relative to season pass distribution adds value to seeking new marketing and sales opportunities. To that end, effective November 1, 2014, we now specifically track all season pass types. 	12/1/2015	••••	
17	Increase Use of Vouchers to Support Complimentary Tickets	<ul style="list-style-type: none"> ➤ Cannon Mountain should limit the instances where complimentary tickets are issued without the support of a complimentary ticket voucher. 	<ul style="list-style-type: none"> ➤ Only the General Manager and Guest Services Manager at Cannon authorize the use of complimentary tickets in resolving issues at the Guest Services counter. 	12/1/2015	•••	

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		<ul style="list-style-type: none"> ➤ Once limited, instances where free tickets are issued without the support of a voucher should be reviewed with the ticket seller and the supervisor who authorized the free ticket. ➤ Confirmation of the circumstances surrounding the issuance of a free ticket without a voucher should be documented by the reviewer of the transaction. 	<ul style="list-style-type: none"> ➤ Tickets are to be held in a secure location and accessed only by or with the permission of either authorized issuing agent. ➤ All complimentary tickets will be pre-issued for use and recorded as such, prior to being issued as complementary. ➤ Any unused tickets will be returned and an adjustment will be recorded to account for a final count of all tickets issued. 			
18	Improve Control Over Retail Operations	<p>Improve the controls over its retail operations.</p> <ul style="list-style-type: none"> ➤ Implement appropriate control activities for the retail operations, including review and approval controls and segregation of duties controls. ➤ Implement monitoring controls to reasonably ensure that the implemented control activities are consistently performed and remain responsive to the risks they are intended to address. ➤ Management information 	<ul style="list-style-type: none"> ➤ Clearly define segregation of duties and establish roles and responsibilities with emphasis on the procurement and control of accountability of all inventory ➤ Prepare Monthly reconciliation and reporting of all inventory on hand. ➤ Employ independent assistance from the division retail manager of concession to participate in oversight of the Cannon retail operations unit 	12/1/2015	••	

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		<p>reporting of the retail activity should be prepared and reviewed by Cannon Mountain management to ensure management remains aware of the profitability and the efficiency and effectiveness of the retail operations.</p> <ul style="list-style-type: none"> ➤ Periodic reporting and analyses of cost of goods sold, inventory levels, turnover, shrinkage adjustments, and other performance data should be provided to, and used by, Cannon Mountain and Department management to establish and monitor expected and actual performance of the retail operations. ➤ Adjustments to inventory records based on periodic inventory control counts should be reported to, and reviewed by, a level of management independent of retail operations to ensure that Cannon Mountain's retail operations are operating as intended. 	<ul style="list-style-type: none"> ➤ Establish regular intervals of audit control from internal auditor to ensure compliance and proper procurement and inventory control procedures. ➤ Department business administrator to establish formal reporting requirements from all concession operations 			
19	Monitor and Enforce Contract Provisions	Ensure contract provisions are effectively monitored and enforced.	<ul style="list-style-type: none"> ➤ Department business administrator to establish contract compliance 	12/1/2015	••	

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		<ul style="list-style-type: none"> ➤ Ensure that any delegation of contract monitoring responsibilities are understood and supported by appropriate policies and procedures to ensure the Department's interests are protected. ➤ Require food services concessionaire to adhere to all contract provisions intended to protect the Department's interests. ➤ Information received from its contractor should be reviewed for accuracy and compliance. Instances of noncompliance with contract provisions should be aggressively pursued and resolved. 	<ul style="list-style-type: none"> requirements list and review quarterly with Cannon Mountain Manager. ➤ Department internal auditor will conduct seasonal audits and determine delegation of on-site responsibilities to ensure compliance with provisions of all contracts. ➤ Department Business administrator will review all financial information sent for review to the Cannon mountain business office. 			
20	Safeguard and Report State Assets	<ul style="list-style-type: none"> ➤ Ensure that Cannon Mountain is complying with all State policies and procedures for the safeguarding and reporting of State assets. ➤ Improve their communication of information related to the performance, results, and review of the related control activities. 	<ul style="list-style-type: none"> ➤ The Department Business Office will require monthly reporting of all assets from the Cannon Mountain Business Office. ➤ Department business office will confirm administering of training and instruction on policy and proper procedure with the Business Manager at Cannon to confirm that all 	12/1/2015	••	

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		<ul style="list-style-type: none"> ➤ As part of its monitoring activities, the Department should ensure that information related to the real property improvements at Cannon Mountain is communicated to the Department's Design, Development and Maintenance section for its review and consideration, and for Department recordkeeping purposes. 	<ul style="list-style-type: none"> assets received are tagged and recorded per State policy and inventory tag procedures. ➤ The Department Internal Auditor will also be engaged to proactively ensure proper accountability of all assets at Cannon Mountain via semi-annual audits. 			
21	Establish Controls Over Equipment Rental Inventory	<ul style="list-style-type: none"> ➤ Establish controls over its equipment rental inventory to lessen the risk that inventory is not properly controlled and accounted for. ➤ Review and approve purchases of rental shop equipment. ➤ Prepare reconciliations to ensure purchased inventory is received and included in inventory records. ➤ Implement reviews, including the results of comparisons of physical inventory counts to inventory records. 	<ul style="list-style-type: none"> ➤ Clearly define segregation of duties and establish roles and responsibilities with emphasis on the procurement and control of accountability of all inventory ➤ Prepare Monthly reconciliation and reporting of all inventory ➤ Employ independent assistance from the division retail manager of concession to participate in oversight of the Cannon retail operations unit ➤ Establish regular intervals of audit control from internal auditor to ensure compliance and proper procurement and inventory control procedures. 	12/1/2015	•	

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22	Establish Policies and Procedures to Review Filings of Statements of Financial Interests	<ul style="list-style-type: none"> ➤ Establish policies and procedures to review the filing status of employees, and others associated with the Department, who are required to file Statements of Financial Interests. ➤ Encourage required individuals to file timely Statements of Financial interests, including advising those individuals of statutory consequences if timely filings are not made. 	<ul style="list-style-type: none"> ➤ Department Business Office maintains a schedule of all reporting requirements for the agency and will continue to review regularly to ensure that filing deadlines for all reports are met. 	12/1/2015	•••	
23	Establish Policies and Procedures for Monitoring Mittersill Project	<ul style="list-style-type: none"> ➤ Establish policies and procedures for monitoring its contract with the FSC and for ensuring that the Mittersill Project proceeds as intended. ➤ Receive and closely review FSC audited financial statements. ➤ Determine the appropriate accounting and reporting of the Mittersill Project, including the assets purchased and built by the Project. ➤ Maintain oversight for all construction activity at Cannon Mountain, and ensure 	<ul style="list-style-type: none"> ➤ Cannon Business office will record the acquisition of any new assets per State asset reporting. ➤ Department business administrator will seek guidance from the Director of Accounting, Department of Administrative Services and our Department's legal counsel to determine how the Department should record the benefit we have been given from this contract with particular focus on how and when assets of the project are to be recognized. 	12/1/2015	•	

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		that all construction activity meets the Department's standards and is suitably documented to allow for future operation and maintenance, and to properly account for and report those improvements.	➤ Cannon Business Office will ensure that FSC provides its financial reports annually which will be reviewed by the Department Business Administrator and Cannon General Manager with consideration of where and how the funds for our benefit are being held and managed.			
24	Determine Budgetary Status of Ski School and Concession Operations	<ul style="list-style-type: none"> ➤ Consider the continued requirement and appropriateness of excluding its school and concession operations from the State's budget process. ➤ To increase transparency, accountability, and controls, Cannon Mountain should include its school and concession operations in its budget submissions. 	➤ The Cannon Mountain and Cannon Ski School/concession units will be included in the agency operation budget development phase for the FY18-19 Biennium	6/1/2015	••••	
25	Comply with Statutory Requirements	<p>The Department should comply with statutory requirements.</p> <ul style="list-style-type: none"> ➤ Review and assess the statutes affecting the Department's operations. If the Department determines that certain statutes 	➤ Conduct thorough review with department business administrator, division director and Cannon Mountain Manager to determine if there should be any request for statutory changes.	12/1/2015	•	

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		<p>no longer have relevancy, the Department should request the statutes be appropriately amended.</p> <ul style="list-style-type: none"> ➤ Seek legislative clarification for statutes in which the Department is unsure of the statutory requirements. 				
26	Submit Quarterly Reports on Seasonal Passes Sold at Reduced Rates	<ul style="list-style-type: none"> ➤ Include information regarding season passes sold at reduced rates to New Hampshire residents in its quarterly reporting to comply with RSA 227:14. The reports should be reviewed for accuracy and submitted timely. ➤ If the Department determines that the reporting requirement no longer serves the purpose of the State and Department, the Department should request that the statute be appropriately amended. 	<ul style="list-style-type: none"> ➤ Enhance reporting to include season pass sales data for reduced rate sales. 	12/1/2015	•	