

Agency Name	Fish and Game Department
Audit Name	Management Letter for FY18
Audit Period	July 1, 2017-June 30, 2018
Status Report Date	June 17, 2019

Summary of Audit Observations/Findings						
Number	Observation Title	Status				Department's Response
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved	
1	<i>Establish Formal Policies and Procedures to Support Significant Accounting and Financial Reporting Activities</i>		X			<i>Concur</i>
2	<i>Establish a Formal Risk Assessment Process</i>	X				<i>Concur</i>
3	<i>Establish Policies and Procedures for Real Property Valuations</i>		X			<i>Concur</i>
4	<i>Establish Formal Policies and Procedures for Fraud Prevention, Detection, and Reporting</i>	X				<i>Concur</i>
5	<i>Segregate Incompatible Duties in the Revenue Process</i>				X	<i>Concur</i>
6	<i>Improve Front Office Sales Reconciliation Process</i>				X	<i>Concur</i>
7	<i>Expand Controls and Establish Formal Policies and Procedures for Reconciliation of Registration Revenues</i>				X	<i>Concur in Part</i>
8*	<i>Establish Process to Control Sale of Reduced-Fee Registrations</i>	X				<i>Concur</i>
9	<i>Expand Risk Assessment Activities to Include Consideration of Service Organization Control Reports</i>				X	<i>Concur</i>
10	<i>Implement Procedures for Accrual of Registration Revenue at Fiscal Year-End</i>				X	<i>Concur</i>
11	<i>Obtain Support for Fish and Game Fund Revenues Collected by the Department of Safety</i>		X			<i>Concur</i>
12	<i>Formalize Policies and Procedures for Allocating Administrative Costs to the Dedicated Funds</i>				X	<i>Concur</i>

13	<i>Strengthen Accounts Payable Controls</i>				X	<i>Concur</i>
14	<i>Review and Monitor Worker's Compensation Payments</i>				X	<i>Concur</i>
15	<i>Review Invoice Amounts for Adherence to Contract Terms</i>		X			<i>Concur</i>
16	<i>Strengthen Controls over Ammunition Inventory</i>				X	<i>Concur</i>
17	<i>Establish Policies and Procedures for Reconciliations of Asset Purchases</i>				X	<i>Concur in Part</i>
18	<i>Segregate Incompatible Duties in the Equipment Process and Review Access to Information System</i>				X	<i>Concur</i>
19	<i>File Financial Disclosures in Accordance With RSA 15-A</i>				X	<i>Concur</i>
20	<i>Forward Gifts and Donations Exceeding \$2,500 to Governor and Council for Approval as Required by RSA 206:33-a</i>				X	<i>Concur in Part</i>
21	<i>File Statutorily Required Reports</i>				X	<i>Concur</i>

- *Requires Legislative Action

Observation No. 1: Establish Formal Policies and Procedures to Support Significant Accounting and Financial Reporting Activities

Summary of Finding: The Department has not established formal policies and procedures to support significant aspects of its financial operations. While in some cases, Business Division employees have documented procedures for their assigned tasks, there are no formal policies and procedures.

Current Status: Partially Resolved. We have many policies in place but they are long overdue for review and update. Senior staff will address this issue and begin the process within the month.

Observation No. 2: Establish a Formal Risk Assessment Process

Summary of Finding: The Fish and Game Department (Department) does not have formal risk assessment policies, procedures, or processes in place for recognizing, assessing, and responding to risks with the potential to affect Department objectives.

Current Status: Unresolved. We have begun preliminary research into what should be included in a formal risk assessment. It appears there are numerous resources to assist in this process, including considerable guidance from the federal Office of Management and Budget and the General Accounting Office on how to approach this from a government agency perspective (as opposed to private sector business). Our expectation is that this process will require some time to complete as it is not something we have experience with.

Observation No. 3: Establish Policies and Procedures for Real Property Valuations

Summary of Finding: The valuation of the Department's real property is understated due to the Department not reporting a valuation for a number of parcels of real property totaling approximately 5,200 acres of land. The Department reported some properties lacked accurate values as source documentation was unknown or destroyed in a fire, some donated properties were received without a market value appraisal, and some properties included manmade structures that were not assessed or appraised. Some of the real property assets, including some land easements and dams, were received through donations or transfers from other State departments, without an historical value given.

Current Status: Partially Resolved. It was found our real property values are understated due to a lack of valuations of some properties at the time of acquisition. We are considering contracting this process out to someone familiar with historical property values and has a proven methodology to assign reasonably correct numbers to these assets.

Observation No. 4: Establish Formal Policies and Procedures for Fraud Prevention, Detection, and Reporting

Summary of Finding: The Department has not established and implemented a formal fraud prevention, detection, and reporting program. While the Department's employee manual, revised July 2016, includes a policy and procedure for the reporting and handling of employee misconduct complaints, including criminal and administrative complaints, the manual does not specifically identify and discuss policies and procedures to address the risk of fraud.

Current Status: Unresolved. As in Observation #1, Senior Staff will review and update our policies and procedures.

Observation No. 5: Segregate Incompatible Duties in the Revenue Process

Summary of Finding: The Fish and Game Department's (Department) front-office and business-office functions operated with increased risk of undetected errors and frauds due to the lack of segregation of certain incompatible responsibilities assigned to staff during fiscal year 2018.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 6: Improve Front Office Sales Reconciliation Process

Summary of Finding: The Fish and Game Department (Department) has not developed and implemented a suitably designed and well controlled front office sales reconciliation procedure. Front office sales include the sales of hunting and fishing licenses and snowmobile and off-highway recreational vehicle registrations. Effective reconciliations are important controls to help ensure that financial activity is accurately recorded.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 7: Expand Controls and Establish Formal Policies and Procedures for Reconciliation of Registration Revenues

Summary of Finding: The Department's process for reconciling snowmobile and off-highway recreational vehicles (OHRV) registration fees, while effective to determine that all fees collected have been deposited, is not effective in determining that all fees due have been collected.

Current Status: Fully Resolved. The Department only partially concurred in this observation so therefore no further action is required.

Observation No. 8: Establish Process to Control Sale of Reduced-Fee Registrations

Summary of Finding: The Fish and Game Department (Department) has not established a process, supported by policies and procedures, to ensure snowmobile and off-highway recreational vehicle (OHRV) registrations that are processed at a reduced fee due to the owner's membership in a qualified OHRV or snowmobile club are appropriately processed and that all required fees are remitted to the Department by the registration agents.

Current Status: Unresolved. While the Department understands the LBA's recommendations to better control and reconcile reduced fee registrations paid by members of organized clubs, the Department lacks the authority to demand real time access to club membership rosters, nor is there a uniform data entry system/database that all clubs have access to for recording membership. Finding a cure for this observation will likely need legislative action and even then compelling the clubs and all volunteers to participate will be a difficult task.

Observation No. 9: Expand Risk Assessment Activities to Include Consideration of Service Organization Control Reports

Summary of Finding: The Fish and Game Department (Department) has not evaluated and considered the design and operating effectiveness of a key service organization's controls, including whether the service organization controls significantly impact the Department's internal control systems.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 10: Implement Procedures for Accrual of Registration Revenue at Fiscal-Year End

Summary of Finding: The Fish and Game Department (Department) does not accrue revenues related to the registration of off-highway recreational vehicles (OHRV) and snowmobiles at fiscal-year end in accordance with the State's revenue recognition policies and procedures.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 11: Obtain Support for Fish and Game Fund Revenues Collected By the Department Of Safety

Summary of Finding: The Fish and Game Department (Department) does not have policies and procedures in place to ensure that all revenues initially collected by the Department of Safety (DOS), and subsequently distributed to the Fish and Game Fund are proper in amount and calculated appropriately in accordance with applicable statutes.

Current Status: Partially Resolved. We have reached out to DOS to determine what reporting mechanisms are available to satisfy reconciliation. Discussions with DOS are ongoing.

Observation No. 12: Formalize Policies and Procedures for Allocating Administrative Costs to the Dedicated Funds

Summary of Finding: The Department has not formally documented its process for allocating a portion of its administrative costs to, and for collecting an “overhead charge” to recover those administrative costs from, the dedicated funds maintained by the Department. The Department has not documented the determination of the reasonableness of the 10% overhead charge rate or the determination of which funds are subject to and exempt from the charge.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 13: Strengthen Accounts Payable Controls

Summary of Finding: The Fish and Game Department (Department) did not consistently adhere to the State’s expenditure recognition policy when the Department accrued its June 30, 2017 accounts payable balance. Audit testing identified the Department incorrectly reported certain fiscal year 2018 expenditures as fiscal year 2017 expenditures and as accrued accounts payable at June 30, 2017.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 14: Review and Monitor Workers’ Compensation Payments

Summary of Finding: The Fish and Game Department (Department) did not have a process for reviewing workers’ compensation expenditures charged by the Department of Administrative Services (DAS) to the Fish and Game Fund during fiscal year 2018.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 15: Review Invoice Amounts for Adherence to Contract Terms

Summary of Finding: The Department’s process for approving contract invoices for payment did not consistently ensure invoices complied with contract terms prior to the Department’s payment on the invoice.

Current Status: Partially Resolved. A summary of contract payments shall be created within each division and used to maintain contract oversight.

Observation No. 16: Strengthen Controls over Ammunition Inventory

Summary of Finding: The Fish and Game Department's (Department) controls over the storage and issuance of ammunition do not ensure that access to stored ammunition is appropriately restricted, removal of ammunition from the inventory storage is authorized, and changes in the inventory levels are accurately reported.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 17: Establish Policies and Procedures for Reconciliations of Asset Purchases

Summary of Finding: The Fish and Game Department (Department) does not routinely reconcile purchases recorded in certain of its internal information systems to purchases/expenditures reported in the State's accounting system, NHFirst.

Current Status: Fully Resolved. The Department only partially concurred in this observation; therefore no further action is required.

Observation No. 18: Segregate Incompatible Duties in the Equipment Process and Review Access to Information System

Summary of Finding: The Fish and Game Department's (Department) preparation and maintenance of certain fleet management records and reports is not subject to an effective review and approval control and access to make changes to the related information system, an internal database used to account for equipment, is also not suitably controlled.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 19: File Financial Disclosures In Accordance With RSA 15-A

Summary of Finding: During fiscal year 2018, certain officials associated with the Fish and Game Department (Department) were not in compliance with RSA 15-A, as they did not have current Statements of Financial Interests on file with the Secretary of State. Filed Statements of Financial Interests are available for review on the Secretary of State's website. Additionally, the Department's list of individuals required to file Statements of Financial Interests was not current.

Current Status: Fully Resolved. Actions have been taken and implemented.

Observation No. 20: Forward Gifts and Donations Exceeding \$2,500 to Governor and Council for Approval as Required By RSA 206:33-a

Summary of Finding: The Fish and Game Department (Department) did not consistently submit its acceptance of non-monetary donations in excess of \$2,500 to Governor and Council for final approval during fiscal year 2018, contrary to statute.

Current Status: Fully Resolved. The Department only partially concurred in this observation; therefore no further action is required.

Observation No. 21: File Statutorily-Required Reports

Summary of Finding: The Fish and Game Department (Department) did not file a certain statutorily-required report with the Fiscal Committee of the General Court.

Current Status: Fully Resolved. Actions have been taken and implemented.
