

Agency Name	NH Insurance Department
Audit Name	Financial Audit Report
Audit Period	For the nine months ended March 31, 2021
Status Report Date	March 8, 2024

Summary of Audit Observations/Findings					
Number	Observation Title	Status [place X in status column]			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	Independent SOCs Reports		X		
2	Controls over Dept Financial Database		X		
3	Continue development of a formal risk assessment process		X		
4	Controls over expenditure review and reconciliation process		X		
5	Establish policy for transfer from the Department to NH Granite Advantage Healthcare Trust Fund				X

EXAMPLE Observation 1: No Formal Risk Assessment over XYZ program

Summary of Finding: Agency has not performed a formal risk assessment. An effective assessment is the foundation for developing and implementing effective internal controls to eliminate, mitigate or otherwise manage identified risks.

Current Status: Substantially Resolved. Agency in connections with DAS, utilized the Internal Control Toolkit and performed a formal risk assessment. The next step is to implement new processes and controls to minimize the identified risks. Completion Date estimated: August 2019

Observation 1: Independent Service Auditor's Reports should be reviewed, and applicable complementary user entity controls implemented.

Summary of Finding: The Insurance Department does not review the annual service auditor's reports (SOC) on controls in place over significant areas of its operations that are processed by third parties.

Current Status: Partially Resolved. Although the Department had initial plans to request, during the next legislative budget cycle, an internal auditor to accomplish NHID strategic planning objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, SOC compliance, risk management, and control procedures, it is considering the option of hiring a consultant to assist with the objective as such an alternative may be more cost effective and timely.

Observation 2: Controls over the Department's Financial Database should be strengthened.

Summary of Finding: The Department has not implemented an effective process for performing periodic reconciliations of its subsidiary system to the State accounting system to ensure revenues are posted completely and accurately, and that the reconciliations are performed timely and appropriately reviewed.

Current Status: Partially Resolved. The NHID added a layer of supervision/management within its Business Unit by dedicating a position and accountabilities that encompass implementation of effective controls over the Department's Financial Database. This new hire is nearing the completion of her probationary period. While this training is been ongoing, process improvements will be reflected in draft updates to the Department's Manuals of Procedures to accurately reflect these improvements to the Business Unit procedures. The Department anticipates substantial completion by the next report.

Observation 3: Continue Development of a formal Risk Assessment process.

Summary of Finding: The Department does not have a fully developed, formal risk assessment process in place for its financial accounting and reporting, and information technology functions.

Current Status: Partially Resolved. The NHID has begun using the DAS templates while also incorporating all aspects of the LBA financial audit into its risk assessment process and findings. Given the complexity and manpower required to undertake an accurate risk assessment, the Department will move forward in the fiscal year 2024-2025 with the RFP process to secure a Risk Assessment consulting vendor.

Observation 4: Controls over expenditure review and reconciliation process should be strengthened.

Summary of Finding: The Insurance Department does not have adequate control procedures in place to effectively review and approve invoices related to inter-agency payments, or for the monthly reconciliation of expenditures.

Current Status: Partially Resolved. The NHID added a layer of supervision/management within its Business Unit and dedicated a position and accountabilities that encompasses implementation of effective controls over the Department's Financial Database. The new hire continues in her training and is still within the probationary period of her employment. The Department is working on updates to its Manuals of Procedures for monthly reconciliation procedure, which will be completed and approved internally by the next reporting date.

Observation 5: Transfers to the New Hampshire Granite Advantage Healthcare Trust Fund should be performed in accordance with the established policy.

Summary of Finding: The Insurance Department will adopt a formal policy and will update its manual or procedures for areas of reconciliation to strengthen accuracy of the Department's audits on interagency payments.

Current Status: Fully Resolved as per the prior audit status report in June 2023.