

Agency Name	Department of Military Affairs and Veterans Services
Audit Name	Internal Control Review Revenue and Expenditures
Audit Period	Nine Months Ended March 31, 2022
Status Report Date	June 7, 2023

Summary of Audit Observations/Findings					
Number	Observation Title	Status [place X in status column]			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	Policies and Procedures Covering The major Areas of The Department’s Financial Operations Should Be Formally Documented			X	
2	Formal Risk Assessment Process Should Be Established and Documented				X
3	The Department’s Arrangement with The National Guard Bureau For The Federal Supervision Of State Employees Should Be Formalized			X	

Observation 1: Policies and Procedures Covering The major Areas of The Department's Financial Operations Should Be Formally Documented

Summary of Finding: The Department did not have formally documented policies and procedures in place covering the major aspects of its financial operations.

Current Status: Substantially resolved. The Department is incrementally documenting policies and procedures. Each policy/procedure includes step-by-step instructions and copies of examples for references. Most policies/procedures have established procedures. Some policies/procedures still need to be formatted. Those still needing to be formatted will be work in conjunction with the department's operational rhythm. For example, the procedures for year end close out will be refined and formatted as we close out the current state fiscal year. Estimated completion date 1 December 2023

Observation 2: Formal Risk Assessment Process Should Be Established and Documented

Summary of Finding: The Department did not have a formal risk assessment process in place covering the significant areas of its financial operations.

Current Status: Fully resolved. The department added risk assessment and mitigation to the agenda of monthly Managerial Meetings chaired by the Deputy Adjutant General. Operational and fiscal risks are assessed. A risk register was created to formally document types of risk the department faces including an analysis of the likelihood of the risk occurring, the impact if the risk occurs, a severity rating, mitigation options, contingent actions and progress on those actions.

Observation 3: The Department's Arrangement with The National Guard Bureau for The Federal Supervision of State Employees Should Be Formalized

Summary of Finding: Despite the significant supervisory responsibilities being completed by Federal employees, a current and detailed agreement to outline the roles and responsibilities between the NH National Guard and the Department has not been completed.

Current Status: Substantially Resolved. The department drafted a policy that defines the limitations and responsibilities of federal employees that supervise state employees. In accordance with National Guard Bureau Policy, Federal supervisors may provide day-to-day technical guidance to, direction, operational control, and verification of time worked. They may prepare performance evaluations but must submit to the Administrator of Business operations for review and signature. Finally federal supervisors may recommend certain personnel actions (awards, discipline, hiring, termination) to the Administrator of Business Operations. Estimated completion date 1 September 2023