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STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

REPORT ON EXAMINATION
FOR THE YEAR ENDED JUNE 30, 1983

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STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

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STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

INTRODUCTION

The Office of State Planning, originally a division of the Department of Resources and Economic Development, was transferred to the Office of the Governor in 1970. The Office is primarily responsible for:

- Planning for the orderly development of the resources of the state.
- Planning information and research services as necessary to advance the welfare of the state.
- To encourage planning by cities and towns or regions.
- To encourage the extension and correlation of state planning by other state agencies.
- To participate in interstate, regional and national planning efforts.

The Office is comprised of a Director, seventeen planners and eleven support personnel. They were responsible for the administration of fifteen federal grants during the fiscal year ended June 30, 1983. During that period \$1.2 million of operations were funded by approximately 70% federal funds and 30% state funds.

Our previous examination for fiscal year 1982 revealed the following deficiencies; non-reconciliation of agency ledger to the Comptroller's statement and no fiscal year 1981 - 1982 biennial physical equipment inventory. Both of these problems have since been corrected. Our current observations and recommendations are contained within the following report.

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

SUMMARY OF AUDIT RECOMMENDATIONS

AUDITOR'S OPINION

- Auditor's opinion was unqualified and there were no questioned costs resulting in no recommendations pertaining to the financial statements.

INTERNAL CONTROL

- Control summaries covering the entire grant period should be maintained for each federal grant administered by the Office of State Planning.
- Transactions should be posted to the federal grant ledgers in the year in which they occur and all activity should be clearly identified.
- Efforts to automate the federal grants ledger should be a top priority at the Office of State Planning as a means of reducing the time consuming nature of the manual ledger.
- Allocations of budgeted hours to individual grants should be compared to actual hours on a quarterly basis in order to identify necessary adjustments on a timely basis.
- Federal grants should be accounted for in separate division codes in order to reduce the manual adjustments necessary to track individual grant revenues and expenditures.
- As a matter of procedure, the Business Administrator should be notified immediately of any changes regarding the status of federal grants.

COMPLIANCE

- Contracts with subgrantees involving construction projects should include appropriately worded clauses regarding reporting requirements and any waivers of contract requirements should be in writing.



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OFFICE OF LEGISLATIVE BUDGET ASSISTANT

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AUDITOR'S OPINION

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have examined the CONDENSED STATEMENT OF GENERAL AND SPECIAL FUND APPROPRIATION OPERATIONS of the Office of State Planning for the year ended June 30, 1983 and the FINAL STATEMENTS OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS as follows:

<u>NUMBER</u>	<u>GRANT</u>	<u>GRANT PERIOD</u>
NH-81-FAB	Comprehensive Living Marine Resources	12/01/81 - 09/30/82
EMB-K-0183	Federal Emergency Management Agency II	09/15/81 - 09/30/82
NH-A-1297	Rural Development Strategy	08/01/81 - 09/30/82
NA-80-AA- D-CZ050	Coastal Zone Management	06/01/80 - 09/30/82
NA-82-AA- D-CZ022	Coastal Zone Management	01/01/82 - 06/30/83
NA-82-AA- D-CZ046	Coastal Zone Management	09/01/82 - 06/30/83
01-6- 02287-40	Economic Development Administration	03/01/80 - 06/30/83
NH-09-8007	Urban Mass Transportation Admin.	07/01/82 - 09/30/83
EMB-K-0086	Federal Emergency Mgt Agency III	10/01/82 - 09/30/83
EMB-K-0103	Federal Emergency Mgt Agency IV	10/01/82 - 09/30/83
NA-83-AA- D-CZ011	Coastal Zone Management	01/01/83 - 09/30/83
NA-80-AA- D-CZ047	Coastal Zone Management	03/01/80 - 09/30/83

Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

As discussed in NOTE 1, the financial statements are not intended to present the financial position of the Office of State Planning.

In our opinion, except for the matter referred to in the second paragraph, the aforementioned financial statements present fairly certain financial activity of the Office of State Planning, in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the CONDENSED STATEMENT OF GENERAL AND SPECIAL FUNDS APPROPRIATIONS OPERATIONS and the FINAL STATEMENT OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS listed in the first paragraph. The Schedule of State Programs and Federal Grants for the year ended June 30, 1983 on pages 11 through 13 is presented for the purpose of additional analysis. The information in this schedule has been subjected to the auditing procedures applied in the examination of the CONDENSED STATEMENTS OF GENERAL AND SPECIAL FUNDS APPROPRIATION OPERATIONS and in our opinion, except for the matter discussed in NOTE 1, such information is fairly stated in all material respects in relation to the basic financial statements.

Office of the Legislative Budget Assistant
OFFICE OF THE LEGISLATIVE BUDGET ASSISTANT

January 6, 1984

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

CONDENSED STATEMENTS OF GENERAL AND SPECIAL FUND APPROPRIATION OPERATIONS
FOR THE YEAR ENDED JUNE 30, 1983

	<u>General Fund</u>	<u>Special Fund</u>	<u>Combined (Memo Only)</u>
Balance July 1, 1982	\$ 14,752	\$ 88,202	\$ 102,954
<u>REVENUES:</u>			
Appropriations	-0-	1,464,916	1,464,916
Less: Anticipated Revenues	-0-	(1,101,833)	(1,101,833)
Net Appropriations	-0-	363,083	363,083
Actual Restricted Revenue Received	-0-	842,893	842,893
Transfers	-0-	(37,500)	(37,500)
Funds Available for Expenditure	14,752	1,256,678	1,271,430
<u>EXPENDITURES:</u>			
Salaries & Benefits	-0-	508,140	508,140
Current Expenses & Equipment	-0-	75,954	75,954
Travel	-0-	9,837	9,837
Contract Payment	-0-	138,499	138,499
Indirect Cost	-0-	21,390	21,390
Other	23,001	403,367	426,368
Total Expenditures	23,001	1,157,187	1,180,188
Less:			
Funds Lapsed to General Fund	(54)	(93,683)	(93,737)
Unliquidated Encumbrances	(1,253)	(361,574)	(362,827)
Available Balance June 30, 1983 (Schedule A)	s(9,556)	s(355,766)	s(365,322)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

FINAL STATEMENT OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS
ENDED AS OF SEPTEMBER 30, 1982

	Federal Emergency Administration FEMA II EMB-K-0183	Department of Agriculture RDS NH-A-1297	Department of Commerce NA-80-AA D-CZ050 NH-81-PAB CLMRS
TOTAL AWARDS			
Federal	\$ 100,000	\$ 39,460	\$ -0-
State	3,822	18,732	12,741
Local	-0-	-0-	12,741
	<u>103,822</u>	<u>57,192</u>	<u>25,482</u>
Less: Accumulated Expenditures to June 30, 1982	<u>82,452</u>	<u>39,912</u>	<u>16,472</u>
Available Balance at July 1, 1982	21,370	17,280	9,010
FISCAL YEAR 1983 EXPENDITURES:			
Salaries & Benefits	12,654	15,662	5,455
Current Expenses & Equipment	1,942	909	445
Travel	891	130	35
Contract Payments	-0-	-0-	-0-
Indirect Cost	4,974	-0-	355
Other	909	579	199
Local Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	21,370	17,280	6,489
Available Balance at June 30, 1983	-0-	-0-	2,521
Less: Final Costs Incurred in Fiscal Year 1984	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	-0-	-0-	2,521
Less: Award Balance Lapsed to Federal Agency	<u>-0-</u>	<u>-0-</u>	<u>1,462</u>
Balance	<u>-0-</u>	<u>-0-</u>	<u>1,059</u>
Federal Participation Level	100%	75%	0%

The accompanying notes are an integral part of the financial statements.

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

FINAL STATEMENT OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS
ENDED AS OF JUNE 30, 1983

	Department of Commerce		Economic Development Administration	
	NA-82-AA D-C2022	NA-82-AA D-C2046	01-6 02287-40	
TOTAL AWARDS				
Federal	\$ 100,000	\$ 20,000	\$ 154,602	
State	-0-	-0-	53,451	
Local	-0-	-0-	3,713	
	100,000	20,000	211,766	
Less: Accumulated Expenditures to June 30, 1982	-0-	-0-	206,966	
Available Balance at July 1, 1982	100,000	20,000	4,800	
FISCAL YEAR 1983 EXPENDITURES:				
Salaries & Benefits	-0-	-0-	-0-	
Current Expenses & Equipment	-0-	-0-	-0-	
Travel	-0-	-0-	-0-	
Contract Payments	-0-	-0-	-0-	
Indirect Cost	68,562	-0-	4,800	
Other	-0-	-0-	-0-	
Local Expenditures	68,562	-0-	4,800	
Total Expenditures	31,438	20,000	-0-	
Available Balance at June 30, 1983	29,165	20,000	-0-	
Less: Final Costs Incurred in Fiscal Year 1984	2,273	-0-	-0-	
Ending Balance	2,273	-0-	-0-	
Less: Award Balance Lapsed to Federal Agency	2,273	-0-	-0-	
Balance	\$ -0-	\$ -0-	\$ -0-	
Federal Participation Level	100%	100%	75%	

The accompanying notes are an integral part of the financial statements.

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

FINAL STATEMENT OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS
ENDED AS OF SEPTEMBER 30, 1983

	Department of Commerce NA-83-AA D-C2011	Department of Transportation NH-09 8007	Federal Emergency Management Administration FMB K-0086	Department of Commerce NA-80-AA D-C2047
TOTAL AWARDS				
Federal	\$ 32,125	\$ 25,000	\$ 40,000	\$ 1,076,398
State	-0-	6,250	-0-	7,975
Local	-0-	-0-	-0-	40,775
	<u>32,125</u>	<u>31,250</u>	<u>40,000</u>	<u>1,125,148</u>
Less: Accumulated Expenditures to June 30, 1982	-0-	-0-	-0-	<u>885,408</u>
Available Balance at July 1, 1982	32,125	31,250	40,000	239,740
FISCAL YEAR 1983 EXPENDITURES:				
Salaries & Benefits	-0-	17,837	23,787	28,913
Current Expenses & Equipment	-0-	1,776	3,869	6,110
Travel	-0-	69	793	1,177
Contract Payments	-0-	-0-	-0-	45,295
Indirect Cost	-0-	500	1,414	2,220
Other	28,925	4,060	100	104,594
Local Expenditures	-0-	-0-	-0-	<u>16,085</u>
Total Expenditures	28,925	24,242	29,963	204,394
Available Balance at June 30, 1983	3,200	7,008	10,037	35,346
Less: Final Costs Incurred in Fiscal Year 1984	<u>1,185</u>	<u>7,008</u>	<u>10</u>	<u>2,470</u>
Ending Balance	2,015	-0-	10,027	32,876
Less: Award Balance Lapsed to Federal Agency	<u>2,015</u>	<u>-0-</u>	<u>10,027</u>	<u>30,585</u>
Balance	\$ -0-	\$ -0-	\$ -0-	\$ 2,291
Federal Participation Level	100%	80%	100%	100%/80%

The accompanying notes are an integral part of the financial statements.

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1983

NOTE 1 -- BASIS OF ACCOUNTING

The financial activity of the Office of State Planning is accounted for in the General and Special Funds of the New Hampshire Annual Report. The accompanying report represents certain financial activities in such funds and is not intended to show the financial position of the Office of State Planning.

Expenditures by State Planning are limited by Statute to appropriations by the General Court and the Governor and Council. The State of New Hampshire accounts for its financial transactions on a modified accrual basis of accounting under which revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the period in which the obligations are incurred.

MAJOR FUNDS

General Fund

The General Fund accounts for all financial transactions not specifically accounted for in any other fund. By law, all revenues received are paid into the State Treasury. All such revenues, other than the designated revenues described below, are credited to the General Fund and the annual expenditures for all State activities and functions not allocated by law to other funds are charged to the General Fund.

Special Fund

The State allocates to the Special Fund expenditures for and revenues of programs which, by statute, operate primarily from specific program revenues or from federal grants in aid. The unexpended balance of appropriation of programs which lapse, is transferred to the General Fund.

NOTE 2 -- LEASES

The Office of State Planning leases space at 2½ Beacon Street at an annual rate of \$25,500. It is a 3 year lease expiring on March 31, 1985. The lease is subject to continuing appropriation by the General Court and may therefore be terminated without penalty if funds are not appropriated.

NOTE 3 -- LAPSES

The lapsed fund balance is inclusive of the 4% General expenditure lapse per Executive Order 81-1 of \$1,792 and the combined 10% and 5% Personnel lapse per Chapter Laws 42:108 and 193 1982SS respectively of \$36,248.

NOTE 4 -- AVAILABLE BALANCE

The available fund balance which is brought forward between fiscal years, is the excess of the total appropriations, revenues and transfers over the total of expenditures, encumbrances and lapses. Only certain funds which are restricted in their use by state or federal statute may be brought forward. Examples of such funds are the State's Special and Capital Funds (NOTE 1)

The negative Special Fund balance of \$355,764 consists of obligated federal funds which have been encumbered and for which the State will be reimbursed upon expenditure of the funds. The available General Fund balance of negative \$9,556 is net balance of a prior years uncollectible accounts receivable. The Agency is awaiting authority from the Legislature to write-off the amount.

NOTE 5 -- OTHER MATCHES

Any matches that originate from sources other than appropriations budgeted to the Office of State Planning are not reflected in Schedule A - Schedule of State Programs and Federal Funds. Federal grants are reported on in their entirety only upon final close-out of the award and not on an interim basis.

SCHEDULE A

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

SCHEDULE OF STATE PROGRAMS AND FEDERAL GRANTS
FOR THE YEAR ENDED JUNE 30, 1983

	<u>ECONOMIC DEVELOPMENT ADMINISTRATION</u>		<u>FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION</u>		<u>DEPARTMENT OF COMMERCE</u>	
	01-25 013354-50	01-6 02287-40	EMB K-0183	EMB K-0086	EMB K-0103	NA-82-AA D-C2046
<u>REVENUES:</u>						
Federal Grant	\$ 39,730	\$ -0-	\$ 17,548	\$ 29,953	\$ 16,604	\$ -0-
State Appropriation	13,245	-0-	-0-	-0-	8,052	-0-
Total Revenue	52,975	-0-	17,548	29,953	24,656	-0-
<u>EXPENDITURES:</u>						
Salaries & Benefits	41,537	-0-	12,654	23,787	13,454	-0-
Current Expenses	5,803	-0-	1,942	3,869	774	-0-
Travel	514	-0-	891	793	200	-0-
Contract Payments	-0-	-0-	-0-	-0-	-0-	-0-
Indirect Costs	1,280	-0-	4,974	1,414	1,518	-0-
Other	99	4,800	909	100	5,922	-0-
Total Expenditures	49,313	4,800	21,370	29,963	21,868	-0-
Excess Revenue Over (Under) Expenses	3,662	(4,800)	(3,822)	(10)	2,788	-0-
Interfund Transfers	-0-	-0-	-0-	-0-	-0-	-0-
Excess Balance	3,662	(4,800)	(3,822)	(10)	2,788	-0-
Fund Balance -- Beginning of Year	-0-	4,800	16	-0-	-0-	-0-
Fund Balance -- End of Year	3,662	-0-	(3,806)	(10)	2,788	-0-
Less:						
Unliquidated Encumbrances	1,256	-0-	-0-	9	14,523	20,000
Funds Lapsed to General Fund Surplus	602	-0-	-0-	-0-	-0-	-0-
Available Balance, June 30, 1983	\$ 1,804	\$ -0-	\$ (3,806)	\$ (19)	\$ (11,735)	\$ (20,000)
Total Federal Award	39,730	134,602	50,000	40,000	43,000	\$ 20,000
State Participation Level	25%	25%	0%	0%	75%	100%

SCHEDULE A (CONTINUED)

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

SCHEDULE OF STATE PROGRAMS AND FEDERAL GRANTS
FOR THE YEAR ENDED JUNE 30, 1983

	DEPARTMENT OF COMMERCE							
	NA-83-AA D-CZ011	NA-82-AA D-CZ022	NA-82-AA D-CZ037	NA-80-AA D-CZ047	NA-82-AA D-CZ048	NA-80-AA D-CZ050	NA-81-AA D-CZ137	NA-81-PAD NHCB
REVENUES:								
Federal Grant	\$ 28,925	\$ 60,241	\$ 276,877	\$ 195,915	\$ 41,011	\$ 11,784	\$ 16,126	\$ 2,781
State Appropriation	-0-	-0-	30,175	3,998	6,498	5,778	16,053	4,705
Total Revenue	<u>28,925</u>	<u>60,241</u>	<u>307,052</u>	<u>199,913</u>	<u>47,509</u>	<u>17,562</u>	<u>32,179</u>	<u>7,486</u>
EXPENDITURES:								
Salaries & Benefits	-0-	-0-	86,709	28,913	7,195	8,332	27,798	5,455
Current Expenses	-0-	-0-	19,576	6,110	1,695	747	3,696	446
Travel	-0-	-0-	2,102	1,177	116	86	657	35
Contract Payments	-0-	68,562	-0-	345,295	-0-	-0-	-0-	-0-
Indirect Costs	-0-	-0-	4,609	2,220	500	-0-	220	355
Other	-0-	-0-	204,714	104,594	34,331	4,906	1,433	199
Total Expenditures	<u>28,925</u>	<u>68,562</u>	<u>317,710</u>	<u>188,309</u>	<u>43,837</u>	<u>14,071</u>	<u>33,804</u>	<u>6,490</u>
Excess Revenue over (under) Expenses	-0-	(8,321)	(10,658)	11,604	3,672	3,491	(1,625)	996
Interfund Transfers	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Excess Balance	-0-	(8,321)	(10,658)	11,604	3,672	3,491	(1,625)	996
Fund Balance -- Beginning of Year	-0-	-0-	-0-	(83)	-0-	4,004	5,971	2,153
Fund Balance -- End of Year	-0-	(8,321)	(10,658)	11,521	3,672	7,495	4,346	3,149
Less:								
Unliquidated Encumbrances	-0-	31,438	235,333	5,637	45,581	-0-	136	-0-
Funds Lapsed to General Fund Surplus	-0-	-0-	1,792	1,493	-0-	1,556	-0-	1,462
Available Balance, June 30, 1983	<u>\$ -0-</u>	<u>\$ (39,759)</u>	<u>\$ (247,783)</u>	<u>\$ 4,391</u>	<u>\$ (41,909)</u>	<u>\$ 5,939</u>	<u>\$ 4,210</u>	<u>\$ 1,687</u>
Total Federal Award State Participation Level	\$ 28,925 0%	\$ 100,000 0%	\$ 600,000 20%	\$ 881,398 0%	\$ 44,675 0%	\$ 59,361 30%	\$ 50,000 50%	\$ 12,741 50%

SCHEDULE A (CONTINUED)

STATE OF NEW HAMPSHIRE
OFFICE OF STATE PLANNING

SCHEDULE OF STATE PROGRAMS AND FEDERAL GRANTS
FOR THE YEAR ENDED JUNE 30, 1983

	Housing & Urban Development B-82-SK-33-0	National Park Service 33-0319-1	Dept of Trans- portation NH-09-8007	Dept of Agriculture NH-A-1297	State Programs	Combined Total (Memo Only)
<u>REVENUES:</u>						
Federal Grant	\$ 42,702	\$ 31,577	\$ 19,443	\$ 8,526	\$ 3,149	\$ 842,892
State Appropriation	-0-	37,038	5,350	2,844	229,347	363,083
Total Revenue	42,702	68,615	24,793	11,370	232,496	1,205,975
<u>EXPENDITURES:</u>						
Salaries & Benefits	34,863	51,286	17,837	15,662	132,659	508,141
Current Expenses	4,323	7,091	1,776	909	17,113	75,950
Travel	809	748	69	130	1,512	9,839
Contract Payments	-0-	-0-	-0-	-0-	24,642	33,499
Indirect Costs	2,000	1,800	500	-0-	-0-	21,390
Other	422	943	4,060	579	29,433	426,369
Total Expenditures	42,417	61,868	24,242	17,280	205,359	1,180,188
Excess Revenue Over (Under) Expenses	285	6,747	551	(5,910)	27,137	25,787
Interfund Transfers	-0-	-0-	-0-	-0-	(37,500)	(37,500)
Excess Balance	285	6,747	551	(5,910)	(10,363)	(11,713)
Fund Balance -- Beginning of Year	-0-	-0-	-0-	2,131	83,962	102,954
Fund Balance -- End of Year	285	6,747	551	(3,779)	73,599	91,241
<u>Less:</u>						
Unliquidated Encumbrances	1,661	3,502	769	-0-	2,982	362,827
Funds Lapsed to General Fund Surplus	-0-	4,353	347	-0-	82,131	93,736
Available Balance June 30, 1983	\$ (1,176)	\$ (1,108)	\$ (565)	\$ (3,779)	\$ (11,514)	\$ (365,322)
Total Federal Award State Participation Level	\$ 50,000 0%	\$ 88,038 50%	\$ 25,000 20%	\$ 38,460 25%	\$ -0- 100%	



STATE OF NEW HAMPSHIRE
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Deputy Legislative Budget Assistant

REPORT ON INTERNAL ACCOUNTING CONTROL

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have examined the CONDENSED STATEMENT OF GENERAL AND SPECIAL FUNDS APPROPRIATION OPERATIONS of the Office of State Planning (OSP) for the year ended June 30, 1983 and the FINAL STATEMENT OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS of the OSP for the periods ending September 30, 1982, June 30, 1983 and September 30, 1983 as indicated therein. As part of our examination, we made a study and evaluation of those internal accounting and administrative control procedures that we considered necessary to evaluate the system as required by generally accepted auditing standards and the criteria established by the US General Accounting Office as set for in the Guidelines for Financial and Compliance Audits of Federally Assisted Programs and "Standards of Audits of Governmental Organizations, Programs, Activities and Functions" issued by the US Comptroller General 1972 (1981 revised). The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the CONDENSED STATEMENT OF GENERAL AND SPECIAL FUNDS APPROPRIATIONS OPERATIONS and the FINAL STATEMENTS OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the Office of State Planning taken as a whole.

The objectives of an internal accounting control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors and irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the internal accounting control system of the Office of State Planning taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed the following conditions which we believe result in more than a relatively low risk that errors or irregularities, in amounts that would be material in relation to the financial statements of the Office of State Planning, may occur and not be detected within a timely period.

FEDERAL GRANT LEDGER

Observations

- No individual grant control summaries are kept for the entire grant period making verification to the Financial Status Reports filed with the federal agency cumbersome.
- Not all revenue and expenditures incurred in Fiscal Year 1983 were posted to the Fiscal Year 1983 grants ledger making reconciliation to the Comptroller's statement difficult.
- All transaction activity is not being posted to the federal grants ledger. When expenditures are paid from the control account and subsequently transferred to the subaccounts, only the postings to the subaccounts are made. The original transaction and transfer are not posted.
- Not all transactions in the ledger are clearly identified. Reductions in appropriations and available balances are made without comment.

Recommendations

- Control summaries encompassing the life of each grant should be maintained.
- All revenue and expenditure transactions should be posted to the fiscal year in which they occur.
- All grant activity should be posted to the ledger and clearly identified as to its nature.
- The federal grants ledger should be maintained on a computerized system. This would eliminate the time consuming job of posting to the manual ledger.

PAYROLL EXPENSE ALLOCATION

Observation

- Since March 1983, payroll allocations to the federal grants have been made based on a time budget. No follow-up has been made to verify the accuracy of this budget.

Recommendation

- On a quarterly basis, compare the budget to the actual hours per the time summaries to verify its accuracy.

FEDERAL GRANT ACCOUNTABILITY

Observation

- Several grants are combined within one division code on the Statement of Appropriations making it difficult to separate costs, appropriations, lapses and encumbrances.

Recommendation

- Each federal grant should be accounted for in a separate division code on the Statement of Appropriations.

EQUIPMENT VALUATION

Observation

- The equipment valuation report to the Department of Purchase and Property is overstated by \$1,554.

Recommendation

- The Agency should adjust their equipment valuation and in the future, promptly delete any item that is lost or surplus.

RSA COMPLIANCE

Observation

- RSA 4:12e requires State Planning to acquire and maintain a current record of all large subdivision developments in the State for the Governor. The Office believes this law to be outdated and therefore maintains no records on this.

RSA COMPLIANCE (CONTINUED)

Recommendation

- State Planning should request an interpretation on the meaning of "large subdivision development" from the Attorney General. They should also request the Governor to review the RSA and determine whether such information is necessary to him.

GRANT FILES

Observation

- Pertinent financial information such as award amendment notification is not being filed with the Business Administrator as received by the planners.

Recommendation

- All pertinent grant financial data should be filed with the Business Administrator. A cover sheet detailing necessary information should be in front of each folder for reference.

Office of the Legislative Budget Assistant
OFFICE OF THE LEGISLATIVE BUDGET ASSISTANT

January 6, 1984



STATE OF NEW HAMPSHIRE
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

HENRY F. GOODE
Legislative Budget Assistant

STATE HOUSE
CONCORD, NEW HAMPSHIRE 03301

GUY D. CHAPDELAIN, CPA
Director of Audits
(603) 271-2785

CHARLES L. CONNOR
Deputy Legislative Budget Assistant

REPORT ON COMPLIANCE

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have examined the CONDENSED STATEMENTS OF GENERAL AND SPECIAL FUND APPROPRIATIONS OPERATIONS of the Office of State Planning (OSP) for the year ended June 30, 1983 and the FINAL STATEMENTS OF REVENUE AND EXPENDITURES FOR FEDERAL GRANTS of the OSP for the periods ending September 30, 1982, June 30, 1983 and September 30, 1983 as indicated herein, and have issued our report thereon dated January 6, 1984. Our examination was made in accordance with generally accepted auditing standards; the provision of "Standards of Audits of Governmental Organizations, Programs, Activities and Functions", promulgated by the US Comptroller General, which pertain to financial and compliance audits; the Guidelines for Financial and Compliance Audits of Federally Assisted Programs; and applicable State Statutes governing the above-mentioned entity, and accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

In our opinion, except for the matters described in the following paragraphs, tested grants described in the first paragraph did comply with the material terms and conditions of its federal grants, State Statutes, contracts, and agreements.

SUBGRANT MONITORING

Observation

- Initial subgrantee construction contracts were incomplete because reporting requirements were not intended for construction projects nor were waivers given to subgrantees for noncompliance with these reporting requirements.

SUBGRANT MONITORING (CONTINUED)

Recommendations

- Reporting requirements specifically intended for construction projects should be used in future contracts.
- A written waiver notice should be on file whenever State Planning exempts a subgrantee from a contract requirement.

Office of the Legislative Budget Assistant
OFFICE OF THE LEGISLATIVE BUDGET ASSISTANT

January 6, 1984



OFFICE OF STATE PLANNING

STATE OF NEW HAMPSHIRE
2nd BEACON STREET — CONCORD 03301
TELEPHONE 603-271-2155

March 19, 1984

Mr. Guy Chapdelaine
Office of Legislative
Budget Assistant

SUBJECT: Response to Audit Report
for the year ended June 30, 1983

Dear Guy:

First I would like to express my appreciation for the cooperative attitude of your staff throughout the process of developing the audit report. The unfortunate hospitalization of the Business Administrator did add to the difficulty of the process. Fortunately everyone involved showed patience and understanding. Please extend my thanks to those involved!

Secondly, this will serve to respond to each of the observations and recommendations. As you know, I originally expressed my concern with the tone of the original text rather than the observations and recommendations. As a result of our discussions, you were able to modify the tone without changing the actual observations. Because of this effort, I have no comments other than to say the every effort will be made to comply with the recommendations contained in the report.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "David G. Scott".

David G. Scott
Acting Director

DGS/slj

