STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISABILITY

FINANCIAL AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISABILITY

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STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISABILITY

Reporting Entity And Scope

The reporting entity of this audit and audit report is the New Hampshire Governor's Commission on Disability. The scope of this audit and audit report includes the financial activity of the Governor's Commission on Disability for the fiscal year ended June 30, 2010. Unless otherwise indicated, reference to the Commission or auditee refers to the Governor's Commission on Disability.

Organization

The Governor's Commission on Disability is established in RSA 275-C:2 and consists of 30 members appointed by the Governor to a six year term. The Governor appoints a chairman of the Commission. Pursuant to 275-C:3, there are also six ex officio members who serve without a vote on the Commission. The Executive Director is selected by the Commission by a majority vote pursuant to RSA 275-C:4. The Executive Director is an unclassified State employee and acts as secretary to the Commission and performs such other duties as the Commission requires.

The Executive Director position became vacant during December 2009 and was filled effective November 1, 2010. The Commission was staffed by five full-time and one part-time classified employees at June 30, 2010.

The Commission's office is located at 57 Regional Drive, Suite 5, Concord, New Hampshire 03301-8518.

Responsibilities

The Commission's goal is to remove the barriers - architectural, attitudinal or programmatic - which bar persons with disabilities from participating in the mainstream of society.

Pursuant to RSA 275-C:6, the Commission has the following duties and powers:

- To advise the Governor, appropriate State agencies, and the public on matters pertaining to public policy and the administration of programs, services and facilities for persons with a disability in New Hampshire;
- To encourage the development of coordinated, interdepartmental goals and objectives and the coordination of programs, services and facilities among all State departments and private providers of service as they relate to persons with a disability;
- To serve as a source of information to the public regarding all services to persons with a disability;
- To review and make comment to the Governor, State agencies, the legislature, and the public concerning adequacy of State programs, plans and budgets for services to persons with a disability and for funding under the various federal grant programs;

- To research, formulate and advocate plans, programs and policies which will serve the needs of persons with a disability, which may include an assessment of the needs of persons with disabilities, a census of services provided by public and private organizations, identification of unfilled needs, long term goals, short term objectives, action plans to meet objectives and measures of performance. The Commission shall be guided by the goal of formulating an integrated, comprehensive, statewide plan to address the needs of persons with a disability;
- To make annual reports to the Governor on the activities of the Commission.

Funding

The financial activity of the Governor's Commission on Disability is accounted for in the General Fund of the State of New Hampshire. A summary of revenues and expenditures for the fiscal year ended June 30, 2010 is shown in the following schedule.

Summary Of Revenues And Expenditures- General Fund
For The Fiscal Year Ended June 30, 2010

Total Restricted Revenues	$ 279,305
Total Expenditures	629,854
Excess (Deficiency) Of Revenues Over (Under) Expenditures	**$ (350,549)**

Prior Audit

There were no prior audits of the Governor's Commission on Disability.

Audit Objectives And Scope

The primary objective of our audit was to express an opinion on the fairness of the presentation of the financial statement of the Governor's Commission on Disability for the fiscal year ended June 30, 2010. As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we considered the effectiveness of the internal controls in place at the Commission and tested its compliance with certain provisions of applicable State and federal laws, rules, regulations, and contracts. Major accounts or areas subject to our examination included, but were not limited to, revenues and expenditures.

Our report on internal control over financial reporting and on compliance and other matters, the related observations and recommendations, our independent auditor's report, the financial statement, and supplementary information are contained in the report that follows.

Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters

To The Fiscal Committee Of The General Court:

We have audited the accompanying financial statement of the New Hampshire Governor's Commission on Disability (Commission) for the fiscal year ended June 30, 2010 and have issued our report thereon dated December 10, 2010 which was qualified as the financial statement does not constitute a complete financial presentation of the Commission in the General Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in Observation No. 1 through No. 13, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statement is free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance which are described in Observation No. 14 through No. 16.

The Commission's response is included with each observation in this report. We did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the Governor's Commission on Disability, others within the Commission, and the Fiscal Committee of the General Court and is not intended to be used by anyone other than these specified parties.

Office Of Legislative Budget Assistant

December 10, 2010

Internal Control Comments
Significant Deficiencies

Observation No. 1: Financial Controls Should Be Improved

Observation:

Significant vacancies in employee positions at the Commission, combined with lack of experience and training in changing State procedures, resulted in a weak control environment affecting many areas of the Commission's financial activities.

During fiscal year 2010, five of the Commission's nine full-time positions were vacant, including the Executive Director position which was unfilled from December 2009 through October 2010. In part to mitigate the risk inherent in having the Executive Director position open for an extended period of time, an Executive Steering Committee comprised of three members of the Commission was established to provide general guidance and management-level financial transaction approvals for the Commission. However, because the Steering Committee was minimally involved in the daily operations of the Commission, the effect of the Committee on the control environment and structure of the Commission was minimal. Without daily management direction, combined with increasing pressure resulting from the State's implementation of its new accounting system (NHFirst), the Commission's day-to-day control structure and operations deteriorated, resulting in a general lack of segregation of financial duties, noncompliance with state personnel policies and leave procedures, untimely deposit and recording of cash receipts, and infrequent federal cash draw downs as noted in more detail in the accompanying audit observations in this report.

Recommendation:

The Commission must reestablish controls over its financial operations. All five control components - control environment, risk assessment, control activities, information and communication, and monitoring - should be considered and included in the Commission's financial operations.

Financial responsibilities should be properly structured to allow for a reasonable segregation of incompatible duties. Duties that cannot be sufficiently segregated should be subject to alternative control activities designed to mitigate risk of overreliance on individuals. Training in State policies and procedures should be provided to lessen the risk that employees are unaware of or unable to perform standard State control processes.

Auditee Response:

We completely concur with your conclusion that "Significant vacancies in employee positions at the Commission, combined with lack of experience and training in changing state procedures, resulted in a weak control environment…." We hope and expect that with additional training our current staffing will be adequate to ensuring better compliance in this area.

Observation No. 2: Monitoring Controls For The Recording Of Financial Activity Should Be Established

Observation:

The operation of the State's accounting system, NHFirst, as currently implemented, poses particular risks to the financial operations of the Commission that should be considered and mitigated by the Commission.

The Commission is an office within the Governor's Executive Office agency structure in NHFirst. Other offices in the Governor's Executive Office agency structure include the Office of Energy and Planning, the Executive Council, and the Office of Economic Stimulus. All employees of the Governor's Executive Offices who have NHFirst authorities to view, post, or approve financial transactions for their particular Offices also have NHFirst access and authorities to view, post, or approve financial transactions for the other Offices, including the Commission.

The fact that access authorities in NHFirst are established at the Executive Office level increases the risk that unauthorized or unintended individuals may view, post, or approve Commission transactions in NHFirst.

The Commission has not taken specific steps to review financial transactions in NHFirst for evidence of inappropriate posting or approval of transactions posted to Commission accounts.

Recommendation:

Pending any improvements to NHFirst access authority controls, the Commission should take reasonable steps to regularly review its financial activity recorded in NHFirst for evidence of unauthorized posting of Commission transactions.

The Commission should remind Commission employees with NHFirst access that only transactions related to the Commission's operations should be viewed, posted, or approved by Commission employees.

Auditee Response:

We concur, and note that this is a valid concern. We believe that this issue has been partially rectified with a Commission employee having data entry authority to pay the bills, and the Executive Director now exercising approval authority for those payments.

We will review with the Department of Administrative Services whether the accounting units of Office of Energy and Planning and Governor's Commission on Disability could be segregated from within the Executive Office and placed as single units to avoid accidental viewing, approving, and/or rejecting of other agency's financial data and budget information.

Observation No. 3: Budget Process Training And Communication Should Be Improved

Observation:

The Commission's lack of understanding of certain aspects of the State's budget process, combined with miscommunication with the Department of Administrative Services, resulted in the Commission submitting budget requests for fiscal years 2010 and 2011 that were not as the Commission intended.

- During the fiscal years 2010 and 2011 budget process, the employee preparing the Commission's budget requests was unsure whether the Commission was reimbursed for an annual pledge and payment made by the Commission to the Special Olympics. After reportedly consulting with the Department of Administrative Services, it was determined the pledge may be funded with Commission revenue, and $26,600 of estimated revenue was established in the budget to fund the pledge payment. After the budget became law, it was determined this expenditure has historically been funded by General Fund appropriations. As the Commission did not expect to collect this estimated restricted revenue, the 2010-2011 Operating Budget required the appropriations of the Commission to be reduced by that amount.
- The Commission charges 26.02% of all common-use costs such as rent, phone, water, and janitorial services to the Commission's federally funded Client Assistance Program (CAP). This percentage was based on an analysis of square feet utilized by the CAP compared to the total Commission office space. However, during the first six months of fiscal year 2010, the Commission erroneously charged 40%, reportedly due to miscommunication with the Department of Administrative Services about the CAP's budgeted funding. This overcharging of costs resulted in numerous relatively small-dollar overcharges to the CAP, including an excess rent charge of $712.

The two issues noted appear to result from a lack of Commission employee experience with the budget and related miscommunication with the Department of Administrative Services.

Recommendation:

The Commission should ensure its employees have sufficient training for assigned responsibilities, including preparing budget submissions.

The Commission should improve its communications with the Department of Administrative Services. The Commission should consider and respond to the causes of the miscommunications that contributed to the issues noted with the fiscal year 2010 and 2011 budgets.

Auditee Response:

We concur with your recommendation to improve communication. While we have been making a diligent and considerable effort to work closely with our Business Supervisor to ensure that our budget submissions are completed in a timely and accurate manner, we welcome any and all input, communication, and training that will enable us to submit timely and accurate budget information.

Observation No. 4: Federal Program Reporting Process Should Be Improved

Observation:

Errors on the Commission's 2009 federal program reporting indicate a lack of effective review and approval over that reporting.

- The Commission reported $12,143 too much in federal outlays for one of its grant awards on a 2009 SF-269 federal financial report. The preparer erroneously included expenditures from a fourteen-month period instead of the twelve-month reporting period.
- Indirect costs reported on two SF-269 reports were "plugged" figures based on the Commission's predetermined cost rate and did not represent actual indirect cost expenditures charged to the programs. According to the Commission's expenditure records for the federal fiscal year 2009, the Commission incurred approximately $3,200 of indirect costs but reported $7,700 on the SF-269s.

An effective review and approval process likely would have prevented, or detected and corrected the errors in a timely manner.

Recommendation:

The Commission should ensure all responsible staff are knowledgeable of federal reporting requirements prior to their preparation of federal financial reports.

The Commission should establish an appropriate review and approval process to prevent, or detect and correct financial reporting errors in a timely manner.

Auditee Response:

We concur, and will take steps to ensure more accurate preparation of federal reports.

Observation No. 5: Compliance With State Polices And Procedures For Recording And Depositing Revenues Should Be Improved

Observation:

The Commission does not consistently deposit receipts timely as defined by RSA 6:11 and State policies and procedures.

RSA 6:11, Payments to Treasury, paragraph II states, "If more than $500 is in the possession of any state department or institution such funds shall be on deposit in the related department's bank account or in a treasury bank account." The *Department of Administrative Services Manual of Procedures (MOP)* approved June 17, 2009, MOP 400 Accounts Receivable, Billing and Collection, IV, D, states when payments are received they should be entered into NHFirst promptly, generally within 5 days and monies should be deposited daily.

The Commission does not consistently deposit funds on the date of receipt and does not perform other standard receipt control processes including initially recording and restrictively endorsing checks upon receipt.

1. Checks are not consistently deposited in a timely manner.

   - During a test performed on September 3, 2010, we noted a $28,000 check received by the Commission on July 27, 2010 and $713 of donations (including $50 in cash) received during the period June 30, 2010 through August 3, 2010, that remained undeposited at the Commission.
   - Two other checks were not deposited timely. One check received July 15, 2009 was not recorded in the State accounting system (NHFirst) until August 4, 2009. Another check dated October 18, 2009 (there was no available documentation to establish when the Commission received the check) was recorded in NHFirst on December 9, 2009.
   - During revenue testing, we noted a $96,000 check dated July 15, 2010 with a July 16, 2010 postage date (there was no date stamp to indicate when check was received) which was not recorded by the Commission in NHFirst until August 13, 2010.

2. Checks are not listed or restrictively endorsed immediately upon receipt. After the Commission enters the receipts in NHFirst and the transactions have received agency-level approval, the checks and supporting documentation are sent via messenger mail to the State Treasury for endorsement, deposit, and application of final NHFirst approval.

Recommendation:

The Commission should comply with RSA 6:11 and MOP 400, IV, D, and implement procedures to better safeguard receipts.

The Commission should make an initial recording and restrictively endorse checks immediately upon receipt and make timely deposits.

Auditee Response:

We concur. We agree that receipts should be deposited in a timely manner and correctly as noted in items No. 1 and No. 2. As the auditors are aware, we have had one accountant and no office manager during this time and the Accountant definitely was "swamped" at some times, resulting in these delays.

Observation No. 6: Federal Funds Should Be Drawn In A Timely Manner

Observation:

During fiscal year 2010, the Commission requested reimbursement of federal program funds twice, once in December 2009 and once in June 2010. While State policies and procedures direct “revenues that are owed must be collected in a timely manner” and there are no established criteria to define timely, it would be prudent for the Commission to draw federal reimbursement more frequently than semiannually.

- The Commission performed two federal cash draws, totaling $107,000, during fiscal year 2010, neither of which was subject to review and approval by Commission management. One of the draws was understated by $4,335, due to a clerical error in the Commission's tracking sheet used to support federal expenditures. The Commission, upon being notified of the error by the auditors, stated it would recover the undrawn funds in its next regular draw of federal funds.

Federal program funds should be drawn frequently to minimize negative cash flow effects on the State's financial operations.

Recommendation:

The Commission should draw federal program funds in a timely manner. The Commission should confer with its federal program partners, the Department of Administrative Services and the Treasury Department, to determine a more appropriate federal draw frequency for the Commission's programs.

The Commission should institute a review and approval control over its drawing of federal program funds, including review of supporting documents sufficient to establish the accuracy of the federal draw amount.

Auditee Response:

We concur with the audit findings.

Observation No. 7: Compliance With State Personnel Policies Should Be Improved

Observation:

The Commission, during fiscal year 2010, did not require employees to consistently adhere to State policies and procedures for leave accounting.

It is the State's standard procedure to use the Government Human Resource System (GHRS) payroll system to account for the accrual and usage of all employee work and leave time. In addition, N.H. Admin. Rules, Per 1202.01(a) requires each employee requesting leave to fill out an application for leave and N.H. Admin. Rules, Per 1202.01 (c) states, "…If the employee is requesting sick leave, the employee shall certify that due to illness, disability or reasons qualifying for sick leave benefits under Per 1202.01 (a) (4) j., k., l. or m., the employee was unable to attend to official duties for the time indicated." N.H. Admin. Rules, Per 1204.06 further requires "An employee returning to work from an unscheduled absence due to an allowable use of sick leave under Per 1204.05 shall file a written application with the appointing authority specifying the reason for the application for leave."

1. The Commission, during fiscal year 2010, allowed one employee to account for their compensatory time outside of GHRS, reportedly because this person frequently accrued and used compensatory time due to their job responsibilities. The employee reportedly maintained their own compensatory time records, which were submitted quarterly to the Commission for review. The time records report this employee as having earned approximately 30 hours of compensatory time during fiscal year 2010.

   Allowing an employee to personally account for leave transactions, outside of GHRS, is a process prone to error and abuse. Errors or abuse, whether intentional or unintentional, may not be prevented, or detected and corrected timely when accounting for leave in this manner.

   As of the pay period ended August 12, 2010, 72 hours of earned compensatory time, 55.75 hours of used annual time, and 22.5 hours of used sick time had been input into GHRS to retroactively account for leave for this employee. This categorization of time appears to be in error, as all leave used should have been accounted for as use of compensatory time. This error in categorization of time used resulted in the employee being overpaid approximately $560 in a termination payout.

2. During audit tests of 25 leave-time events, two instances were noted where classified employees were allowed to take leave without preparing leave slips. A notation in a Commission time tracking book indicated the employees would make up for the leave taken by working extra compensatory time hours in the future**.**

3. During payroll control testing, auditors noted several issues with leave slips that indicate the Commission may not be familiar with personnel rules related to the completion of leave slips. Auditors noted five instances where the employee took sick leave without properly completing the "required certification for sick leave" portion of the leave slip as well as numerous instances where leave slips were incomplete or inaccurate. Auditors also noted one instance where a leave slip could not be located.

4. During payroll control testing, auditors noted one day during fiscal year 2010 was indicated as being a "snow day." Commission employees were allowed the day off without submitting leave slips, due to inclement weather. The day was a normal work day for the rest of State government.

Recommendation:

The Commission should utilize all appropriate aspects of the State GHRS. All hours worked and leave taken should be posted to GHRS. The Commission and its employees should comply with all required GHRS controls such as the consistent, complete, and accurate preparation of State leave forms.

If necessary, the Commission should seek additional training to ensure employees are familiar with leave accounting procedures, including the proper use of leave slips.

Auditee Response:

We concur. As was noted above, there was no Executive Director during most of fiscal year 2010. We will endeavor to tighten up our compliance with personnel policies and procedures.

Observation No. 8: Payroll Controls Should Be Improved

Observation:

One Commission employee is responsible for performing the great majority of all Commission accounting functions, including essentially all payroll functions. Because all critical payroll activities are performed by one employee, the Commission is at an increased risk of payroll errors or frauds not being prevented, or detected and corrected on a timely basis.

The Commission is a relatively small agency with few employees. Due to its limited number of business office employees, the Commission is not able to structure its business operations to take advantage of controls provided by accounting responsibilities designed to segregate incompatible functions and to provide reasonable review and approval controls.

In such situations, other controls should be implemented to mitigate the risks resulting from the lack of segregation of duties. These controls generally include additional management involvement in reviews, focused to ensure that accounting activities are appropriately performed. The following incompatible payroll duties were noted as being performed by one employee during the audit period. The Commission had not implemented any substantive controls to mitigate the increased risk resulting from this lack of segregation of duties.

- Personnel Action Forms (PAFs) are identified as needed, prepared, and approved by the same individual prior to being sent to the Department of Administrative Services (DAS), Division of Personnel. As noted in the next bullet, this employee is responsible for essentially all payroll functions at the Commission.
- This same employee inputs biweekly payroll data (exceptions to recurring payroll), reviews the input for accuracy, completes the agency payroll certification, and approves the certification. The certification is not subsequently reviewed by any other agency employee.
- Travel expenditures for employees (not Commission members) are reviewed and processed for payment by this employee. No other agency employee verifies the amount input or approves the transaction for appropriateness.

In other financial processing areas, a representative from the Commission's Executive Steering Committee (a Committee of three Commission members established to oversee the activities of Commission employees) reviews and approves transactions in the absence of the Executive Director (the Executive Director position had been vacant since December 2009). The Committee representative routinely reviews and approves non-payroll transactions entered into the State's accounting system (NHFirst). While the Committee representative signs leave slips (often after the payroll is processed) and timesheets for the two employees that prepare them, the Committee representative does not ensure that the payroll exceptions are correctly entered into the State payroll system, or that the payroll is accurate.

Recommendation:

The Commission, in conjunction with the Executive Steering Committee, should review the current payroll process and consider ways to either segregate current processing duties, or mitigate the segregation of duties risk by implementing a secondary control, such as a detailed review of the agency payroll certification by management.

Auditee Response:

We concur. During most of fiscal year 2010, there was not a second signatory available at the office for the payroll process to be completed correctly. This was resolved in late 2010.

Observation No. 9: Part-time Employee Leave Should Be Properly Accounted For

Observation:

During fiscal year 2010, reportedly due to confusion regarding standard State procedures, the Commission allowed its part-time employee to "use" accrued leave (take paid time off) instead of paying the employee the value of the accrued time on the employee's anniversary date, as required by RSA 98-A:6.

RSA 98-A:6 states "An individual working on a part-time basis shall not be eligible to utilize either sick or annual leave but at each anniversary of employment should the total working time during the preceding year amount to the equivalent of 6 months or more he shall be paid all accumulated annual leave…."

As a result of the Commission's practice, the part-time employee has been underpaid for the last three years. Based on the Commission's time tracking sheet for the employee, the Commission owes the employee pay for 154 hours of annual time or $2,435. Approximately $1,200 of this is attributable to accrued leave earned during fiscal year 2010.

Recommendation:

The Commission should comply with statute and pay the employee amounts owed.

The Commission should review the requirements of RSA 98-A:6 with the Department of Administrative Services to ensure the Commission has a clear understanding of how part-time leave is to be tracked and paid. The Commission should restructure current payroll procedures to incorporate this understanding.

If the Commission determines that the application of RSA 98-A:6 is not in the Commission's interests, it should request an appropriate statutory revision.

Auditee Response:

We concur. We have taken steps and will continue to take steps to ensure that this does not recur.

Observation No. 10: Federal Payroll Expenditures Should Be Adequately Supported

Observation:

The Commission was not in compliance with Title 2 *Code of Federal Regulation*, Part 225, Appendix B, regarding documentary support for personnel expenditures charged to the federal Client Assistance Program (CAP) during fiscal year 2010.

Appendix B, Section 8(h)(3), of that federal regulation states "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

One Commission employee works exclusively on the CAP. The Commission has historically not completed payroll certifications for this employee whose entire salary and benefits are charged to the program. Subsequent to the auditors bringing the program requirement to the Commission's attention, a retroactive payroll certification covering fiscal year 2010 was completed, as was a process for biannual certification going forward.

Recommendation:

The Commission should establish policies and procedures to support its process for completing payroll certifications for the CAP to ensure compliance with Title 2 *Code of Federal Regulation*, Part 225 (Federal Office of Management and Budget (OMB) Circular A-87).

Auditee Response:

We concur, and note that the new Executive Director will request orientation and training on the nature of the certification process.

Observation No. 11: Controls Over Vendor Payments Should Be Improved

Observation:

The Commission did not consistently pay vendors in the most cost effective manner during fiscal year 2010.

The Commission paid its fiscal year 2010 rent in three payments: August 17, November 18, and December 9, 2009. While not required by the rent contract, the Commission reported it paid rent in advance to lessen the business office workload. While the Commission was aware the State accounting system has provisions to schedule future payments such as rent to lessen the administrative burden, the Commission indicated it was not trained in those procedures.

The Commission reported it asked a vendor to advance bill the agency for janitorial services to be performed in May and June 2010 to avoid payment delays at the end of the fiscal year. The Commission did not detect when the vendor billed for these services a second time. The Commission consequently paid for these services twice.

Recommendation:

The Commission should not unnecessarily pay vendors in advance of receiving services. The Commission should schedule payments to take advantage of vendor payment terms.

The Commission should strengthen its payment controls to include an effective review for duplicate invoices for services.

Auditee Response:

We concur and will endeavor to ensure that it does not recur.

Observation No. 12: Effect Of Statutory Contract Price Limitation Should Be Reviewed

Observation:

The Commission's contract for the National Federation of the Blind's "Newsline for the Blind" is in excess of the Commission's statutory appropriation for the contract. RSA 275-C:8-a appropriates $28,000 annually for this purpose. The contract for the service for fiscal year 2010 totaled $29,853. According to the Commission, this situation has occurred for a number of years and the contractor has regularly accepted the Commission's request to limit the amount invoiced to the amount appropriated to the Commission for that purpose.

It is unclear whether the Commission has considered what it would do in the future if the contractor refuses to accept the appropriated contract price limitation.

Recommendation:

The Commission should review with the contractor its intentions regarding future pricing for the contract. The Commission should consider how it will react if the contractor becomes unwilling to provide the service for the amount of the statutory appropriation. The Commission should plan accordingly to limit any unnecessary interruption of services.

Auditee Response:

We concur and will move to rectify this matter.

Observation No. 13: Monitoring Of Telecommunication Equipment Assistance Program Should Be Improved

Observation:

The Commission has not monitored the operation of its Telecommunications Equipment Assistance Program (TEAP) to ensure the TEAP administrative rules remain current and relevant and that the Commission's TEAP contractor adheres to the rules. The program distributes to qualified persons a teletypewriter or other telecommunications equipment to enable access to telephone service.

1. The Commission's TEAP administrative rules appear outdated. N.H. Admin. Rules Gcd 304.04 specifies income eligibility for the program should be based on 200% of the federal poverty guideline published on March 4, 1996. The client application form used by the Commission's TEAP contractor uses a more current 2007 poverty-level guideline. It is not clear if the administrative rule's continued use of the 1996 poverty guideline is intended by the program.

2. The TEAP application is also not in compliance with N.H. Admin. Rules, Gcd 303.04, in that the application used by the TEAP contractor does not require the applicant to state whether they receive or are eligible for any of 12 listed federal low-income assistance programs listed in the administrative rule.

Recommendation:

The Commission should adhere to the TEAP administrative rules.

The Commission should review its TEAP administrative rules to ensure they remain current and relevant to the TEAP operations. Rules that are no longer current or relevant should be revised as appropriate.

The Commission should monitor its contractor's compliance with the administrative rules for the TEAP.

Auditee Response:

We concur, and have already taken steps to improve this matter. Regarding item No. 1, we have taken steps already to update our administrative rules, and we will continue to work on that and improving our compliance regarding item No. 2.

State Compliance Comments

Observation No. 14: Comprehensive Statewide Plan To Address The Needs Of Persons With Disabilities Should Be Formulated

Observation:

The Commission has not formulated an integrated, comprehensive, statewide plan to address the needs of persons with a disability. Such a plan is stated to be a goal of the organization by RSA 275-C:6, V.

RSA 275-C:6, V states the Commission shall have the following duties and powers "To research, formulate and advocate plans, programs and policies which will serve the needs of persons with a disability, which may include an assessment of the needs of persons with disabilities, a census of services provided by public and private organizations, identification of unfilled needs, long term goals, short term objectives, action plans to meet objectives and measures of performance. *The commission shall be guided by the goal of formulating an integrated, comprehensive, statewide plan to address the needs of persons with a disability*;" (*emphasis* added).

The Commission reported that while some planning was done in 2007, a plan was never completed.

Recommendation:

The Commission should formulate a plan to address the needs of persons with a disability, as required by RSA 275-C:6, V.

Auditee Response:

We concur and have set a goal of December 31, 2011 by which to ensure completion. As the auditors may be aware our staff is smaller and more "stretched", but we certainly agree that this is an important work outcome.

Observation No. 15: Compliance With Statutes Should Be Improved

Observation:

The Commission was out of compliance with certain statutes during fiscal year 2010.

1. The Commission was not in compliance with RSA 275-C:6, IV, which requires the annual submission to the Governor of a report on the activities of the Commission. The Commission indicated it has not prepared and submitted the annual report required by RSA 275-C:6 since at least 2004.

2. Commission rules relative to the Telecommunications Equipment Assistance Program required by RSA 362-E:5 expired on January 30, 2010. The Commission reported the adoption of rules was on hold pending an anticipated request for a statutory revision.

Recommendation:

The Commission should comply with statute.

1. The Commission should annually submit the report required by RSA 275-C:6.

2. The Commission should adopt rules required by RSA 362-E:5.

If the Commission determines its compliance with the statutes is not in the best interests of the State and Commission, the Commission should request an appropriate statutory revision.

Auditee Response:

We concur. Regarding item No. 1, which is quite similar to observation No. 14, is a matter that is somewhat in arrears, and we are setting a goal of ensuring compliance in these matters by December 31, 2011. Regarding item No. 2, we have begun the process of bringing this into compliance.

Observation No. 16: Compliance With RSA 15-A Should Be Improved

Observation:

As of November 16, 2010, twenty out of 32 Commission members had not filed Statements of Financial Interests which are required by RSA 15-A to be filed no later than January 21, 2010. Three additional members filed statements from seven to fifty days late.

In addition, the Commission had not filed with the Secretary of State an organizational chart identifying the names, titles, and position numbers of persons in the agency required to file a Statement of Financial Interests. The filing of the organizational chart is required by RSA 15-A:4

Commission employees report Commission members are reminded annually to file appropriate statements, but the Commission employees report they do not subsequently follow-up to ensure that all statements are filed timely.

Pursuant to RSA 15-A:6, "No person required to file a statement of financial interest…shall be eligible to serve in his or her appointed capacity prior to filing a statement…."

Recommendation:

The Commission should file the required organizational chart.

The Commission should institute procedures to monitor employee and Commission member compliance with the provisions of RSA 15-A.

The Commission should continue in its efforts to timely notify employees and Commission members of the requirement and deadlines for filing, and follow-up with non filers to ensure the filings occur or the members do not participate in Commission responsibilities.

Auditee Response:

We concur, and are concerned about this matter as well. We have resent statements of financial interests for 2011, and will be addressing this at our March 2011 Commission meeting.

Independent Auditor's Report

To The Fiscal Committee Of The General Court:

We have audited the Statement of Revenues and Expenditures - General Fund of the New Hampshire Governor’s Commission on Disability (Commission) for the fiscal year ended June 30, 2010. This financial statement is the responsibility of the management of the Commission. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement referred to above does not purport to and does not constitute a complete financial presentation of the Governor’s Commission on Disability in the General Fund in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the matter discussed in the third paragraph, the financial statement referred to above presents fairly, in all material respects, certain financial activity of the Commission for the fiscal year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statement, referred to above, of the Commission. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 10, 2010 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Office Of Legislative Budget Assistant

December 10, 2010

STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISBILITY
STATEMENT OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues	
Restricted Revenues	
Telecommunication Assessment	$ 123,040
Federal Revenues	107,064
Transfer From Education	33,237
Private And Local Grants And Other	15,964
Total Restricted Revenues	279,305
Total Revenues	**279,305**
Expenditures	
Salaries And Benefits	415,340
Telecommunication Assistance Grant	120,250
Rent And Leases	37,235
Donation To Special Olympics	22,513
Current Expenses	8,911
Information Technology	8,116
Travel	8,099
Interpreter Services	3,566
Indirect Costs	3,464
Miscellaneous	2,360
Total Expenditures	**629,854**
Excess (Deficiency) Of Revenues Over (Under) Expenditures	**(350,549)**
Other Financing Sources (Uses)	
Net Appropriations (Note 2)	350,549
Total Other Financing Sources (Uses)	**350,549**
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	**$ -0-**

The accompanying notes are an integral part of this financial statement.

STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISABILITY

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Governor's Commission on Disability financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The Governor's Commission on Disability (Commission) is an organization of the primary government of the State of New Hampshire. The accompanying financial statement reports certain financial activity of the Commission.

The financial activity of the Governor's Commission on Disability is accounted for and reported in the General Fund in the State of New Hampshire's Comprehensive Annual Financial Report (CAFR). Assets, liabilities, and fund balances are reported by fund for the State as a whole in the CAFR. The Commission, as an organization of the primary government, accounts for only a small portion of the General Fund and those assets, liabilities, and fund balances as reported in the CAFR that are attributable to the Commission cannot be determined. Accordingly, the accompanying Statement of Revenues and Expenditures - General Fund is not intended to show the financial position or change in fund balance of the Commission in the General Fund.

B. Financial Statement Presentation

The State of New Hampshire and Governor's Commission on Disability use funds to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Governor's Commission on Disability reports its financial activity in the fund described below.

<u>Governmental Fund Type:</u>

General Fund: The General Fund is the State's primary operating fund and accounts for all financial transactions not specifically accounted for in any other fund. All revenues of governmental funds, other than certain designated revenues, are credited to the General Fund. Annual expenditures that are not allocated by law to other funds are charged to the General Fund.

C. Measurement Focus And Basis Of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, except for federal grants, the State generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due.

D. Revenues And Expenditures

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either “general purpose” or “restricted”. General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g. federal grants), available only for specified purposes. Unused restricted revenues at year end are recorded as reservations of fund balance. When both general purpose and restricted funds are available, it is the State’s policy to use restricted revenues first. In the governmental fund financial statements, expenditures are reported by type.

E. Budget Control And Reporting

General Budget Policies

The statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or that the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental and proprietary fund types with the exception of the Capital Projects Fund. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparison schedule in the State of New Hampshire CAFR. Fiduciary Funds are not budgeted.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests to meet expenditures during the current biennium. Budgetary control is at the department level. In accordance with RSA 9:16-a, notwithstanding any other provision of law, every department is authorized to transfer funds within and among all program appropriation units within said department, provided any transfer of $2,500 or more shall require approval of the Joint Legislative Fiscal Committee and the Governor and Council.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Joint Legislative Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations lapse at year-end to undesignated fund balance unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances is brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

A Budget to Actual Schedule, General Fund, is included as supplementary information.

NOTE 2 - NET APPROPRIATIONS

Net appropriations reflect appropriations for expenditures in excess of restricted revenue.

NOTE 3 - EMPLOYEE BENEFIT PLANS

New Hampshire Retirement System

The Commission, as an organization of the State government, participates in the New Hampshire Retirement System (Plan). The Plan is a contributory defined-benefit plan and covers all full-time employees of the Commission. The Plan qualifies as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. RSA 100-A established the Plan and the contribution requirements. The Plan, which is a cost-sharing, multiple-employer Public Employees Retirement System (PERS), is divided into two membership groups. Group I consists of State and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to all members.

Group I members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of AFC multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service. Members in service with ten or more years of creditable service who are between ages 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

All covered Agency employees are members of Group I.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. During the fiscal year ended June 30, 2010, Group I members were required to contribute 5%, except for State employees whose employment began on or after July 1, 2009, contribute 7% and Group II members were required to contribute 9.3% of gross earnings. The State funds 100% of the employer cost for all of the Commission's employees enrolled in the Plan. The annual contribution required to cover any normal cost beyond the employee contribution is determined every two years based on the Plan's actuary.

The Commission's payments for normal contributions for the fiscal year ended June 30, 2010 amounted to 9.09% of the covered payroll for its Group I employees. The Commission's normal contributions for the fiscal year ended June 30, 2010 were $20,940.

A special account was established by RSA 100-A:16, II (h) for additional benefits. During fiscal year 2007, legislation was passed that permits the transfer of assets into the special account for earnings in excess of 10.5% as long as the actuary determines the funded ratio of the retirement system to be at least 85%. If the funded ratio of the system is less than 85%, no assets will be transferred to the special account.

The New Hampshire Retirement System issues a publicly available financial report that may be obtained by writing to them at 54 Regional Drive, Concord, NH 03301 or from their web site at http://www.nhrs.org.

Other Postemployment Benefits

In addition to providing pension benefits, RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses within the limits of the funds appropriated at each legislative session. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired after July 1, 2003 to have 20 years of State service in order to qualify for health insurance benefits. These and similar benefits for active employees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, which is the State's self-insurance fund implemented in October 2003 for active State employees and retirees. The State recognizes the cost of providing these benefits on a pay-as-you-go basis by paying actuarially determined contributions into the fund. The New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees also contributes to the fund. The Commission's Medical Subsidy normal contribution rate for the fiscal year ended June 30, 2010 was 1.96% of the covered payroll for its Group I employees. The Commission's normal contributions for the Medical Subsidy the fiscal year ended June 30, 2010 were $4,415.

The cost of the health benefits for the Commission's retired employees and spouses is a budgeted amount paid from an appropriation made to the administrative organization of the New Hampshire Retirement System and is not included in the Commission's financial statement.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of Governmental Accounting Standard Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The ARC and contributions are reported for the State as a whole and are not separately reported for the Commission.

STATE OF NEW HAMPSHIRE
GOVERNOR'S COMMISSION ON DISABILITY
BUDGET TO ACTUAL SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues	Original Budget	Actual	Favorable (Unfavorable) Variance
Restricted Revenues			
Telecommunication Assessment	$ 124,000	$ 123,040	$ (960)
Federal Revenues	79,328	107,064	27,736
Transfer From Education	21,816	33,237	11,421
Private And Local Grants And Other	41,189	15,964	(25,225)
Total Restricted Revenues	266,333	279,305	12,972
Total Revenues	**266,333**	**279,305**	**12,972**
Expenditures			
Salaries And Benefits	539,062	415,340	123,722
Telecommunication Assistance Grants	120,250	120,250	-0-
Rent And Leases	37,332	37,235	97
Donation To Special Olympics	22,513	22,513	-0-
Current Expenses	19,622	8,911	10,711
Information Technology	24,099	8,116	15,983
Travel	10,058	8,099	1,959
Interpreter Services	8,850	3,566	5,284
Indirect Costs	3,464	3,464	-0-
Miscellaneous	5,117	2,360	2,757
Total Expenditures	**790,367**	**629,854**	**160,513**
Excess (Deficiency) Of Revenues Over (Under) Expenditures	**(524,034)**	**(350,549)**	**173,485**
Other Financing Sources (Uses)			
Net Appropriations (Note 2)	524,034	350,549	173,485
Total Other Financing Sources (Uses)	**524,034**	**350,549**	**173,485**
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	**$ -0-**	**$ -0-**	**$ -0-**

The accompanying notes are an integral part of this schedule.

Notes To The Budget To Actual Schedule
For The Fiscal Year Ended June 30, 2010

Note 1 - General Budget Policies

The statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes annual budgets for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental and proprietary fund types with the exception of the Capital Projects Fund.

The New Hampshire biennial budget is composed of the initial operating budget, supplemented by additional appropriations. These additional appropriations and estimated revenues from various sources are authorized by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances.

The budget, as reported in the Budget to Actual Schedule, reports the initial operating budget for fiscal year 2010 as passed by the Legislature in Chapter 143, Laws of 2009.

Budgetary control is at the department level. In accordance with RSA 9:16-a, notwithstanding any other provision of law, every department is authorized to transfer funds within and among all program appropriation units within said department, provided any transfer of $2,500 or more shall require approval of the Joint Legislative Fiscal Committee and the Governor and Council. Additional fiscal control procedures are maintained by both the Executive and Legislative Branches of government. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State’s financial system. The Legislative Branch, represented by the Joint Legislative Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year-end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or are legally defined as non-lapsing accounts.

Variances - Favorable/(Unfavorable)

The variance column on the Budget to Actual Schedule highlights differences between the original operating budget and the actual revenues and expenditures for the fiscal year ended June 30, 2010. Actual revenues exceeding budget or actual expenditures being less than budget generate a favorable variance. Actual revenues being less than budget or actual expenditures exceeding budget cause an unfavorable variance.

Note 2 - Net Appropriations

Net appropriations reflect appropriations for expenditures in excess of restricted revenue.

STATE OF NEW HAMPSHIRE
GOVENOR'S COMMISSION ON DISABILITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Catalog Number	Federal Grantor Federal Program Title	Expenditures	Pass Thru Percent
	U.S. Department Of Education		
84.161	Rehabilitation Services - Client Assistance Program	$ 111,745	0%
	Total	$ 111,745	

The accompanying notes are an integral part of this schedule.

Notes To The Schedule Of Expenditures Of Federal Awards
For The Fiscal Year Ended June 30, 2010

Note 1 - Purpose Of Schedule And Summary Of Significant Accounting Policies

A. Purpose Of Schedule

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the Governor's Commission on Disability's (Commission) financial statement and is presented for purposes of additional analysis.

B. Reporting Entity

The reporting entity is defined in the Notes to the Commission's financial statement presented in this report. The accompanying Schedule includes all federal awards of the Commission for the fiscal year ended June 30, 2010.

C. Basis Of Presentation

The information in the Schedule presents the Commission's federal award activity.

a. *Federal Awards* - Federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities.

b. *Pass Thru Percent* - The amount of federal funds, expressed as a percentage of expenditures, passed through by State agencies to various subrecipients.

D. Basis Of Accounting

Expenditures are presented in the Schedule on the cash basis of accounting. Expenditures are recorded when paid rather than when the obligation is incurred. The Schedule reflects expenditures for all programs that were active during the fiscal year ended June 30, 2010.

Note 2 - Categorization Of Expenditures

The categorization of expenditures by program is based upon the Catalog of Federal Domestic Assistance (CFDA). Changes in categorization of expenditures occur based upon revisions to the CFDA, which is issued in June and December of each year. The Schedule reflects CFDA changes issued through June 2010.