STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE COMMISSION
FOR HUMAN RIGHTS

FINANCIAL AUDIT REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2019

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To The Fiscal Committee Of The General Court:

We have audited the financial statement of the New Hampshire Commission for Human Rights (Commission) for the nine months ended March 31, 2019 and have issued our report thereon dated January 13, 2020.

This financial audit report presents information related to our audit in two sections: a management letter section and a financial section. The management letter section, prepared by the auditors, is a byproduct of the audit of the Commission's financial statement. This section contains an auditor's report on internal control over financial reporting and on compliance and other matters, related audit findings, and a summary of the status of prior audit findings, originally contained in the report of the audit of the Commission for the six months ended December 31, 2008.

The financial section of this report, with the exception of the independent auditor's report on the Commission's financial statement, was prepared by the financial management of the Commission, with assistance from the Department of Administrative Services, Bureau of Financial Reporting. In addition to the auditor's report, the financial section of the report includes the financial statement, notes to the financial statement, and certain required supplementary information.

This report can be accessed in its entirety on-line at:

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Office of Legislative Budget Assistant

Office Of Legislative Budget Assistant

January 13, 2020

STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE COMMISSION FOR HUMAN RIGHTS

FINANCIAL AUDIT REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2019

MANAGEMENT LETTER SECTION

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* No audit comments suggest legislative action may be required.

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Acronyms Used
DAS – Department Of Administrative Services
EEOC – Equal Employment Opportunity Commission
FEPA – Fair Employment Practices Agency
IMS – Integrated Mission System – EEOC's Charge Information System Database
NHFirst – New Hampshire State Government Accounting And Financial Reporting System

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To The Fiscal Committee Of The General Court:

We have audited, in accordance with the 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, the financial statement of the New Hampshire Commission for Human Rights (Commission), which comprise the Statement of Revenues and Expenditures – General Fund for the nine months ended March 31, 2019, and the related notes to the financial statement and have issued our report thereon dated January 13, 2020. Our report on the financial statement was modified as the Statement of Revenues and Expenditures - General Fund does not purport to and does not constitute a complete financial presentation of the Commission in the General Fund in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the following observations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. We consider the deficiencies described in Observations No. 1 and No. 2 to be material weaknesses.

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. We consider the deficiencies described in Observations No. 3 through No. 8 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statement is free from material misstatement, we performed tests of its 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Observations No. 9 through No. 12.

Commission For Human Rights' Responses To Findings

The Commission's responses to the findings identified in our audit are included with each reported finding. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of Legislative Budget Assistant

Office Of Legislative Budget Assistant

January 13, 2020

Internal Control Comments
Material Weaknesses

Observation No. 1: Establish Formal Policies And Procedures To Support Significant Accounting And Financial Reporting Activities

Observation:

Significant vacancies in employee positions at the Commission, combined with a lack of policies and procedures supporting accounting and financial reporting activities, resulted in a weak control environment affecting many areas of the Commission's financial activities.

During fiscal year 2018 through January 2019, seven of the Commission's eight full-time positions experienced employee turnover including the Executive Director and Deputy Director positions. Seven full-time employees left the Commission during that period; five were terminated, one retired, and one transferred to another State agency. Four of the terminated investigators were full-time employees for less than one year. The Administrative Assistant II position was unfilled from the end of July 2018 through the beginning of November 2018. This position is responsible for the processing and recording of financial transactions in the NHFirst system including payroll, general expenditures, and federal revenue reimbursement requests. During this period, the Commission's day-to-day control structure and operations deteriorated, resulting in a general lack of segregation of financial duties, payroll processing issues, and accounts receivable recording errors.

The Commission has not established formal policies and procedures to support significant aspects of its accounting and financial reporting activities. While, in some cases, Commission employees have documented procedures for their assigned tasks, there are no formal policies and procedures.

Significant aspects of the Commission's internal controls over accounting and financial reporting activities with no formal policies and procedures include, but are not limited to:

- Revenues, including Accounts Receivable (Observation No. 2)
- Disaster Recovery and Continuity of Operations Plans (Observation No. 3)
- Formal Risk Assessment (Observation No. 4)
- Payroll (Observations No. 5 and No. 6)
- Contract Compliance (Observations No. 7 through No. 9)

Policies and procedures are an organization's primary control process for ensuring that appropriate operating criteria are regularly met over time and are vital when organizations experience significant turnover. Policies and procedures should be initiated, vetted, and reviewed and approved by appropriate levels of management to ensure the policies and procedures are appropriate for their purpose, are in alignment with the organization's goals and objectives, and provide for operational controls suitable to their purpose. To be effective, policies and procedures must be readily available to employees, employees must be trained in the application of the policies and procedures, and compliance with the policies and procedures must be monitored to ensure they remain in place and effective over time.

Recommendation:

The Commission should establish formal policies and procedures to support its significant accounting and financial reporting activities. The Commission should first perform an inventory of its significant activities to determine the scope of a policies and procedures effort and the resources necessary for the effort.

Policies and procedures should be management-approved and address processes and controls that support accounting and financial reporting activities and compliance with management's objectives and expectations. Approved policies and procedures should be effectively communicated and employees appropriately trained. In addition, Commission management should establish a suitable monitoring control to ensure the policies and procedures that are in place operate as intended and remain relevant.

Auditee Response:

We concur.

Due to the small size of the Commission staff and the level of responsibility placed on a single staff member to comply with all state accounting and revenue reporting policies as they change, the decision was made to provide continuity, guidance, and support for the Commission's fiscal operations. As of the start of SFY2020, the Commission is administratively attached to the Department of Justice (DOJ) as stated in RSA 354-A:3, I.

Assistance in all HR/Accounting and other financial procedures will be provided going forward to allow the Commission to remain in full compliance with all state and federal reporting requirements. As such, a request will be made to provide documentation for training of appropriate staff to provide accuracy in all financial record keeping inside of the Commission. Procedural redundancies will be put in place as staffing levels allow, along with written procedures as recommended by the auditors.

Observation No. 2: Establish Revenue Recognition Controls

Observation:

An error in the Commission's initial recording of June 30, 2018 year-end federal accounts receivable indicates a lack of clarity of process in the Commission's recording of the transaction.

The Commission's June 30, 2018 federal Equal Employment Opportunity Commission (EEOC) accounts receivable of $58,100 was calculated based on one-half of the amount awarded under the federal fiscal year 2018 contract, rather than the actual number of charged cases closed that have not been billed to the contract. The actual accounts receivable totaled $92,230 resulting in a material understatement of federal revenue at June 30, 2018 and a corresponding overstatement of federal revenues at March 31, 2019 totaling $34,130. An audit adjustment was proposed and is reflected in the financial statement.

As noted in Observation No. 1, the Commission has not established formal policies and procedures to support significant aspects of its accounting and financial reporting including the year end processing of accounts receivable. Accounting policies and practices should include procedures on how to close the books, including how to calculate balances at year-end, to help ensure consistency in financial accounting and reporting from year to year.

A similar comment was noted in our financial audit of the Commission for the six months ended December 31, 2008.

Recommendation:

The Commission should implement policies and procedures and establish an effective review and approval control to ensure the accurate and consistent recording of the year end accounts receivable. More than one employee should be trained in and understand the policy to ensure accurate recording and reporting during times of employee turnover or absenteeism.

Auditee Response:

We concur.

The Commission concurs with the recommendation to provide training and redundancies to compensate for employee turnover. To that end, training provided by the state is fully utilized and appropriate staff members are expected to attend and retain the information provided during the year-end training sessions. The administrative attachment with the DOJ will be helpful and instructive for the coming years in this area.

Significant Deficiencies

Observation No. 3: Prepare And Implement Fundamental Internal Control Processes And Plans

Observation:

The Commission has not prepared and implemented certain internal control processes and plans that are generally regarded as fundamental to efficient and effective internal controls. During the nine months ended March 31, 2019, the Commission had not established or maintained:

- A formal risk assessment process, including a formal fraud reporting and mitigation process,
- A current information technology plan,
- A disaster recovery plan, or
- A continuity of operations plan.

Each of these processes and plans are generally regarded as central to an organization's ongoing internal controls. By not formally addressing these control fundamentals, the Commission increases the risk that its operations could be negatively impacted by foreseeable, but unplanned for, events.

Recommendation:

The Commission should prepare, implement, and maintain internal control processes and plans that are fundamental to an efficient and effective internal control system including a formal risk assessment process, a formal fraud reporting and mitigation process, an information technology plan, a disaster recovery plan, and a continuity of operations plan.

Auditee Response:

In 2018, the Commission's new management team and new Commission Chair recognized the need for procedural and financial controls to be created and put into place.

The Commission anticipates receiving assistance from DAS and DoIT to draft and implement appropriate plans for assessing risk, mitigating and reporting fraud, technology disaster recovery plan, and creation of a continuity of operations plan.

Once the plans have been created, they will be deployed appropriately. As this is a new process for the Commission, there are no previous plans to update and bring forth.

Observation No. 4: Establish Formal Risk Assessment Process

Observation:

The Commission does not have formal risk assessment policies, procedures, or processes in place for recognizing, assessing, and responding to risks with the potential to affect Commission objectives. The Commission has an employee handbook, case processing manual, and has implemented policies governing confidentiality, standards of performance, ethics, attendance, and leave to help reduce incidents of fraud and abuse.

Risk assessment, one of the five generally accepted components of internal control, is a process for identifying, assessing, and responding to risks related to the achievement of management's objectives. A prerequisite to an effective risk assessment is the establishment and recognition of objectives and the risks that may put achieving those objectives in jeopardy.

As noted in Observation No. 1, the significant vacancies and staff turnover emphasize the importance of a documented risk assessment to help new employees understand the organizational and operational risks and how to respond to them.

An effective risk assessment process is the foundation for the development and implementation of effective and efficient controls intended to identify and eliminate, mitigate, or otherwise manage identified risks. A formal and well-planned risk assessment process increases the likelihood that the appropriate balance between the costs and benefits of controls can be understood and become the basis for controls put into operation. As risks change over time with changes in processes and environment, controls intended to mitigate risk may become inefficient and ineffective. Without an ongoing risk assessment process, the identification and response to risk often occurs in a reactive mode, after a risk has been realized and a loss incurred.

Recommendation:

The Commission should establish a formal and documented risk assessment process for recognizing and responding to risks, including but not limited to, risks associated with operational, compliance, and financial reporting objectives. The risk assessment processes should also specifically include the consideration, identification, and assessment of potential fraud risks.

In developing its risk assessment process, the Commission should seek the assistance of the Department of Administrative Services and other agencies that have developed formal risk assessment processes. The Commission should research and review example processes and documentation to become familiar with common components of risk assessment processes.

As part of its risk assessment process, the Commission should periodically review its operations, including those processes and controls intended to mitigate risk, to ensure the processes and controls remain appropriately designed to address changes in the Commission's risk profile.

Auditee Response:

We concur.

The Commission will seek assistance in the development and implementation of a comprehensive risk assessment process. The Commission will also take steps to periodically review its operations, risk mitigation controls, and the effectiveness of these efforts to lessen the Commission's risk profile.

Observation No. 5: Strengthen Payroll Controls

Observation:

The Commission's payroll processing, review and approval control for the nine months ended March 31, 2019 was not sufficient to prevent or detect and correct errors or irregularities.

Employees processing and approving the payroll lacked training and experience in payroll system procedures, and the position responsible for performing the majority of the accounting functions was vacant for the period July 2018 through early November 2018. This likely contributed to the Commission:

- Being unable to correct a payroll processing error detected by the Department of Administrative Services (DAS) prior to the final payroll run for the July 6, 2018 pay date, resulting in an employee being overpaid by 61.25 hours or $1,955. The employee informed the Commission of the overpayment and it was subsequently corrected.
- Not detecting the failure of a part-time employee to submit their biweekly timesheet, for the pay period ending March 14, 2019, resulting in the employee not being paid for hours worked. A manual check was processed after the timesheet was approved and submitted.
- Not processing a position change for three months when an employee transferred from a part-time to a full-time position during May 2018, in order to correctly charge the payroll expenditure to a full-time general ledger account in the State accounting system. The Commission's DAS Business Supervisor noted the overspending in the part-time general ledger payroll account and a correction was posted.

A similar comment was noted in our financial audit of the Commission for the six months ended December 31, 2008.

Recommendation:

The Commission should ensure its employees have sufficient training for assigned responsibilities. The Commission should establish an appropriate review and approval process to prevent or detect and correct errors in a timely manner. When controls cannot be performed due to vacant positions, the Commission should consider alternative ways to mitigate the risk by implementing a secondary control such as a detail review of payroll changes performed by management or by seeking assistance from DAS.

Auditee Response:

We concur.

The Commission agrees to follow the process for providing and maintaining adequate training for employees as it relates to finances (to include payroll, AP/AR, etc.). As such, the Commission also agrees that employees need to be well trained and know how to do their specific job in order to support the requirements of each staff position. This could become a risk for errors if not handled properly; however, vacancies did not contribute to the errors mentioned in this audit report. The staff members responsible for the above errors are no longer with the Commission.

Observation No. 6: Part-Time Employee Leave Accrual Should Be Paid

Observation:

During the nine months ended March 31, 2019, the Commission did not pay an eligible part-time employee for accrued annual leave totaling $1,175, reportedly due to the Commission being unaware of standard State procedures.

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 or she shall be paid all accumulated annual leave…".

During the nine months ended March 31, 2019, one of two part-time employees at the Commission met the eligibility requirement to be paid for accrued annual leave. Auditors reviewed the hours paid to this employee for years 2013 – 2018 and noted the eligibility criteria (work hours of 975 or more on employee's anniversary date) was only met once. The Commission owes the employee pay for 77 hours of annual time amounting to $1,175.

Recommendation:

The Commission should comply with the statute and pay the employee the amount owed for accrued leave time.

The Commission should obtain a clear understanding from statute and from the Department of Administrative Services over how part-time leave is to be tracked and paid and implement policies and procedures to annually, on the employee's anniversary date, determine if an annual leave payout has been earned in compliance with RSA 98-A:6.

Auditee Response:

We concur.

The Commission met the financial obligation to the part time employee after being made aware of the oversight pertaining to the guidelines as outlined in RSA 98-A:6. Since enacting the FY2020 budget, the DOJ will provide financial and HR management assistance through the administrative attachment process outlined in RSA 21-G:10. This agency relationship will allow the Commission to remain in compliance with all state statutes relative to the Department of Personnel and the Department of Administrative Services going forward.

Prior to the audit period, the information needed to comply with RSA 98-A:6 was not accurately or consistently tracked.

Observation No. 7: Contract Documents Should Be Maintained And Utilized

Observation:

Contracting documents considered essential to promoting adherence to the Commission's contract with the federal Equal Employment Opportunity Commission (EEOC) for the processing of eligible charges of discrimination were either not on file at the Commission or current copies were not available.

Per the EEOC contract, "*Contracting Principles For State And Local Fair Employment Practices Agencies (FEPAs)* are incorporated into the contract." The Workshare Agreement further states both parties will adhere to the procedures set out in EEOC's *State and Local Handbook*, including current revisions thereto, describing the working partnership between EEOC and state and local Fair Employment Practices Agencies (FEPAs).

The Commission did not have a copy of *Contracting Principles For State And Local Fair Employment Practices Agencies* on file and the copy of the *State and Local Handbook* on file at the Commission was from 2008, the last time a financial audit was performed. Subsequent to auditor inquiry, current copies of the documents were obtained from the EEOC District Office.

A similar comment was noted in our financial audit of the Commission for the six months ended December 31, 2008.

Recommendation:

The Commission should ensure current copies of contract documents are on file and are periodically reviewed by employees involved in contracted activities. Policies and procedures to ensure compliance with the terms and conditions of the contract should also be reviewed and updated as contract changes are made.

Auditee Response:

We concur.

Per the contract process of the Equal Employment Opportunity Commission (EEOC) all Fair Employment Practices Agencies (FEPAs) sign a new Work Sharing Agreement (WSA) contract every three years with an annual request for information to complete a contract extension each year for the remaining two years of the WSA. FEPAs are customarily offered an annual opportunity to upward modify the agreed upon case closure amount based on funds available to the EEOC within their federal budget. This opportunity is not guaranteed however the Commission endeavors to request annually the opportunity to upward modify its contracted case closure amount to allow for additional revenue.

An updated copy of the "Contracting Principles For State And Local Fair Employment Practices Agencies" and the "State and Local Handbook" was requested from the EEOC during the audit period and will be kept on file with the appropriate contract documents and updated as prescribed by the EEOC. Staff will also have access to referenced documents for review and relevant portions of the manual will be duplicated and placed into staff training manuals as recommended. As of this audit, training has been previously conducted by word of mouth. Depending upon the position, few documents were provided to clarify agency procedures and processes which include state regulations.

Observation No. 8: Establish Effective Systems And Controls Promoting Contract Compliance

Observation:

The quarterly reconciliation required per federal Equal Employment Opportunity Commission (EEOC) contract documents between the EEOC's Integrated Mission System (IMS), and Commission records was not performed for the first quarter of fiscal year 2019 due to a position vacancy. No policies and procedures or review and approval controls exist over the reconciliations.

The *Fiscal Year 2018 Contracting Principles For State And Local Fair Employment Practices Agencies (FEPAs)* document states the FEPAs are expected to reconcile their records to the EEOC database on a quarterly basis.

For the first quarter of fiscal year 2019, the Commission did not perform the required reconciliation. Since November 2018, monthly reconciliations have been performed, but not reviewed and approved.

The reconciliation consists of the Commission using various Word and Excel case tracking files to agree to the IMS database. No written policies and procedures exist to document how the reconciliation is performed nor is the reconciliation reviewed by management.

A similar comment was noted in our financial audit of the Commission for the six months ended December 31, 2008.

Recommendation:

The Commission should review its current paper based case management file system that is supported by Word and Excel documents to track cases and discrimination statistics to determine if it is effectively meeting its current needs.

Written policies and procedures should be established over the reconciliation process, including an effective review and approval control. When controls cannot be performed due to vacant positions, the Commission should consider alternative ways to mitigate the risk by implementing a secondary control. For example, management could select cases closed during the period and agree pertinent information from the case file to the IMS.

Auditee Response:

We concur.

The Commission agrees that a more effective secondary database should be acquired for use in statistical tracking and supplemental training for the internal case closure/reconciliation process. A separate binder will be created to house training information for staff in primary and secondary case management roles.

Prior to the above recommendation, in March 2018, the Commission implemented a secondary control utilizing an alternate staff member to complete case closure/reconciliation functions when needed. A more formalized policy and procedure manual relative to case management is in development and will be reviewed, shared with appropriate staff and updated as needed going forward. The Commission will also maintain an appropriate file containing this information as it was not readily available for this audit.

Compliance Comments
State Compliance

Observation No. 9: Contract Compliance Requirements Should Be Followed

Observation:

The Commission did not consistently comply with guidelines in its contract with the federal Equal Employment Opportunity Commission (EEOC) or with the responsibilities detailed in the *Contracting Principles* document and the *State and Local Handbook* during the nine months ended March 31, 2019.

The following outlines instances where the Commission was not in strict compliance with the contract and other guidance.

1. Within 10 days of receipt of a Charge of Discrimination (EEOC Form 5), the Commission shall notify both parties of the dual-filed nature of each charge and explain their rights and responsibilities under applicable federal, state, and local statutes (per Fiscal Year 2019 Workshare Agreement, Section II.E. Filing Charges of Discrimination).
   - For six of 22 (27%) dual filed cases tested, the Commission notified the parties (complainant and respondent) of the charges from four to 12 days late.

2. RSA 354-A:21, IV, states the Commission "shall close each case or commence adjudicative proceedings on such case…within 24 months after the filing date of the complaint". Per the EEOC contract, the Commission agrees to work with the federal EEOC to develop procedures and processes designed to reduce dual-filed charge inventories to less than 365 days (per EEOC contract section C.2, item A.7.c, Scope of Work).
   - Six of 22 (27%) dual-filed cases tested were closed or commenced adjudicative proceedings from 60 to 300 days late.
   - As of April 26, 2019, the Commission reported it had 352 pending cases (represents cases filed since September 22, 2017, for which an official complaint has been launched).

3. All charges submitted for credit under the EEOC contract shall be completed by the Commission between October 1 and September 30 (per EEOC contract section C.3, item B, Statement of Work).
   - Five instances were noted where cases were closed in the IMS approximately one month late. For three of these cases, case activity was completed under the 2018 contract period, yet the cases were not formally closed until after the start of the 2019 contract period. The cases were closed late so funding would be available under the new contract to receive reimbursement.

A similar comment was noted in our financial audit of the Commission for the six months ended December 31, 2008.

Recommendation:

The Commission should maintain a current and complete set of contract documents, review the federal requirements, and enhance current policies and procedures to aid in contract compliance. The Commission should add to its current staff personnel with the appropriate background to address the large case back log.

The Commission should work with the federal EEOC to revise its contract, if funding is available, to secure reimbursement for a higher number of completed charge resolutions. The Commission should not intentionally delay the processing of cases in order to receive federal reimbursement.

Auditee Response:

We concur.

The Commission agrees that hiring additional investigative staff along with making changes to our current processes will assist in shortening the length of time it takes to complete an investigation. In so doing, this should contribute to a reduction in the existing pending case inventory. Whereas the number of new cases opened continues to increase, the Commission will put forth effort to remove any extraneous barriers to a timely case resolution for both parties.

When given the opportunity, the Commission consistently requests what is referred to as a contract 'upward modification'. The number of additional cases the Commission is awarded is based solely upon available federal funds at the time the EEOC considers modification requests. The increase in the contract amount is approved on an annual basis towards the end of the federal fiscal year. This change is not an adjustment that can be made at the beginning of the contract cycle.

Additionally, the Commission continues to walk a fine line between closing cases in a reasonable amount of time and submitting cases for payment based on contractual commitments. If the Commission submits more cases than its current contract, they will be accepted however, the Commission will not receive payment for the additional cases beyond an authorized contract upward modification. Cases closed and submitted in addition to the Commission's current contract year do not count toward any future contract requirements.

Observation No. 10: Administrative Rules For Fee Setting Should Be Developed

Observation:

The Commission has not adopted administrative rules for fees charged or performed an analysis to determine the reasonableness of the fees.

RSA 354-A:5 outlines the general powers and duties of the Commission.

RSA 354-A:5, V, authorizes the Commission to adopt rules, under RSA 541-A, suitable to carry out the provisions of the statute, and the policies and practices of the Commission.

RSA 354-A:5, XV, authorizes the Commission to charge reasonable fees for educational services, programs, publications, and other written materials.

RSA 91-A:4, IV, provides in part, "If a computer, photocopying machine, or other device maintained for use by a public body or agency is used by the public body or agency to copy the governmental record requested, the person requesting the copy may be charged the actual cost of providing the copy, which cost may be collected by the public body or agency."

The Commission fee schedule includes a $200 per hour training fee and a $.25 per page plus $30 administrative fee to copy documents over 25 pages. As cited above, the Commission has the authority to charge reasonable fees for educational services, programs, publications and other written materials. However, the Commission has no documentation to support that the fees charged are reasonable nor are the fees established in administrative rule.

Recommendation:

The Commission should review the fees it charges for photocopying materials and training sessions to ensure the fees charged are reasonable for the services provided. The reasonableness of the fees should be adequately documented and the fee schedule should be established in administrative rules.

Auditee Response:

We concur.

The Commission agrees its fees should be adopted by rule and we are working on completing this process.

Observation No. 11: File Statutorily Required Report

Observation:

The Commission has not filed biennial reports that are required by statute.

RSA 354-A:5, X, directs the Commission to submit biennial reports of the Commission's activities and recommendations to the Governor and Council. The Commission reports that it has not submitted the report required by the statute and is unsure of when the last biennial report was filed.

Recommendation:

The Commission should file statutorily required biennial reports. If the Commission determines the required reports are unnecessary, the Commission should request an appropriate revision to RSA 354-A:5, X.

Auditee Response:

We concur.

The Commission agrees that going forward it should remain in compliance with RSA 354-A:5, X, which directs the Commission to submit a biennial report of the Commission's activities and recommendations to the Governor and Council.

Observation No. 12: Address Expired Administrative Rules

Observation:

The Commission has not readopted administrative rules that have expired and appear necessary to carry out their duties and responsibilities.

RSA 354-A:5, V, authorizes the Commission to adopt rules, under RSA 541-A, suitable to carry out the provisions of the statute, and the policies and practices of the Commission. *Chapter Hum 200, Proceedings Prior to Public Adjudicative Hearing*, and *Part Hum 321, Explanation of Adopted Rules*, expired in 2015 and have not been readopted.

Recommendation:

The Commission should determine if the above cited rules meet the criteria of RSA 354-A:5, V, and if so, readopt the required rules.

Auditee Response:

We concur.

At this time, the Commission is in the process of updating the following sections of its Administrative Rules: Part Hum 200, Proceedings Prior to Public Adjudicative Hearing, and Part Hum 321, Explanation of Adopted Rules. An internal review process of the expired rules has taken place in preparation for the submission of the updated Administrative Rules to JLCAR for review and approval.

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Current Status Of Prior Audit Findings

The following is a summary of the status, as of January 13, 2020, of the observations contained in the financial audit of the New Hampshire Commission For Human Rights for the six months ended December 31, 2008. That report can be accessed at, and printed from, the Office of Legislative Budget Assistant website:
http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports.aspx

	Status	
Internal Control Comments		
Significant Deficiencies		
1. Policies And Procedures Should Be Established For Timely Drawing And Reporting Of Federal Contract Revenues *Establish appropriate policies and procedures to process and report federal contract revenue in an efficient and effective manner. (See Current Observation No. 2)*	●	○
2. Reimbursements Of Commission Expenses Should Be Recorded As Revenues *Record all amounts received as revenues.*	●	●
3. Case Information Systems Should Be Periodically Reconciled *Consider the need to continue utilizing a manual charge log. If the Commission determines it needs to continue to maintain a manual charge log in addition to the IMS, the Commission should institute a review and reconciliation process. (See Current Observation No. 8)*	●	○
4. Contract Documents Should Be Maintained And Utilized *Obtain and periodically review documentation related to the EEOC contract. (See Current Observation No. 7)*	●	○
5. Compliance With Contract Provisions Should Be Better Documented *Maintain a complete set of contract documents and regularly review the federal requirements with employees. (See Current Observation No. 9)*	●	○
6. Review And Approval Function Should Be Established For Recording Employee Leave Transactions *Consider establishing a review and approval process for recording employee leave transactions.*	●	●
7. Cause Of Payroll Errors Should Be Determined And Resolved *Ensure staff has sufficient knowledge and training to perform required payroll procedures. (See Current Observation No. 5)*	●	○
8. Procedures Should Be Established To Remind Commission Members Of Statement Of Financial Interests Filing Requirements *Establish procedures to annually remind Commission members of their statutory responsibility to submit a Statement of Financial Interests.*	●	●

Status Key			**Count**
Resolved	●	●	3
Remediation In Process (Action Beyond Meeting And Discussion)	●	○	5
Unresolved	○	○	0

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STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE COMMISSION FOR HUMAN RIGHTS

AUDITED FINANCIAL STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2019

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STATE OF NEW HAMPSHIRE
NEW HAMPSHIRE COMMISSION FOR HUMAN RIGHTS

AUDITED FINANCIAL STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2019

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Independent Auditor's Report

To The Fiscal Committee Of The General Court:

Report on the Financial Statement

We have audited the accompanying financial statement of the New Hampshire Commission For Human Rights (Commission), which comprises the Statement of Revenues and Expenditures – General Fund for the nine months ended March 31, 2019, and the related notes to the financial statement, which collectively comprise the Commission's basic financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis For Qualified Opinion

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

Qualified Opinion

In our opinion, except for the matter described in the Basis For Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the respective revenues and expenditures of the Commission's portion of the State of New Hampshire's General Fund for the nine months ended March 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 1, the financial statement referred to above reports certain financial activity of the Commission. It does not purport to, and does not, present fairly the financial activity of the State of New Hampshire as of March 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budget to actual schedule on page 16 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budget to actual schedule in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statement, and other knowledge we obtained during our audit of the financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statement is not affected by this missing information.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020 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, and contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Office of Legislative Budget Assistant

Office Of Legislative Budget Assistant

January 13, 2020

State of New Hampshire
New Hampshire Commission for Human Rights
Statement of Revenues and Expenditures – General Fund
For the Nine Months Ended March 31, 2019

Revenues	
Unrestricted Revenues	
Fines	$ -
Other	-
Total Unrestricted Revenues	-
Restricted Revenues	
Federal	92,040
Other	2,122
Training	1,575
Total Restricted Revenues	**95,737**
Total Revenues	**95,737**
Expenditures	
Salaries and Benefits	357,918
Rent and Leases	30,275
Transfers to Other State Agencies	9,200
Information Technology	6,166
Current Expense	5,562
Contracted Services and Other	1,065
Travel Reimbursement	325
Total Expenditures	**410,511**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(314,774)**
Other Financing Sources (Uses)	
Net Appropriations (Note 1)	314,774
Total Other Financing Sources (Uses)	**314,774**
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	**$ -**

The notes to the financial statement are an integral part of this statement.

State of New Hampshire
New Hampshire Commission for Human Rights
Notes to the Statement of Revenues and Expenditures – General Fund
For the Nine Months Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statement of the New Hampshire Commission for Human Rights (Commission), an organization of the State of New Hampshire (State) has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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. REPORTING ENTITY

The financial activity of the Commission is accounted for and reported in the State's General Fund in the State'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 General Fund financial statement is not intended to show the financial position or fund balance of the Commission in the General Fund.

B. FINANCIAL STATEMENT PRESENTATION

The State and the Commission use funds to report on their financial position and 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 Commission 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 the other funds are charged to the General Fund.

C. REPORTING PERIOD

The State's and the Commission's fiscal year is the 12 months ended June 30. The accompanying financial statement of the Commission is presented for the nine months ended March 31, 2019.

D. 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 liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days after period end. Receivables not expected to be collected within 60 days are offset by deferred inflows of resources. An exception to this policy is federal grant revenue, which generally is considered to be available if collection is expected within 12 months after period end. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period when available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and other long-term obligations including compensated absences, other post-employment benefits, pollution remediation obligations and claims and judgments are recorded only when payment is due.

E. REVENUES AND EXPENDITURES

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "unrestricted" (general purpose) or "restricted". Unrestricted revenues are credited directly to the General Fund or other fund balance upon recording in the State's accounting system. Pursuant to the State's operating budget, unrestricted revenues collected by an agency are not used as a direct source of funding for agency operations but are available to fund any activity accounted for in the fund. The recording of unrestricted revenues has no effect on an agency's authorization to expend funds. The Commission did not report any unrestricted revenues during the nine months ended March 31, 2019.

Unused restricted revenues at year end are either lapsed or generally recorded as committed or assigned fund balance. When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. In the governmental funds, when expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first followed by assigned and unassigned resources, respectively.

In the governmental fund financial statements, expenditures are reported by function.

F. OTHER FINANCING SOURCES

Net appropriations reflects appropriations for expenditures in excess of restricted revenues and are made from the fund balance of the General Fund.

G. BUDGET CONTROL AND REPORTING

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 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 funds.

In addition to the enacted biennial operating budget, state departments may submit to the Legislature and Governor and Council, as required, supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department with the appropriate approvals; therefore, the legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department.

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 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 generally lapse to assigned or unassigned fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as restricted, committed, or assigned 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.

Budget to actual comparisons and additional budgetary information are included as Required Supplementary Information.

H. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

2. RISK MANAGEMENT AND INSURANCE

The State and Commission are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters. The State generally retains the risk of loss except where the provisions of law require the purchase of commercial insurance or a risk assessment has indicated that commercial insurance is economical and beneficial for the State or the general public. In such instances, the State may elect to purchase commercial insurance. There are approximately 26 such commercial insurance programs in effect. These include, but are not exclusive to, state owned real property insurance, fleet automobile liability, inland marine insurance, foster parent liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond. In general, claims settled in the past three years under the insurance programs have not exceeded commercial insurance coverage. The State's exposure per claimant is limited by law to a total of $475 thousand under RSA 541-B:14 and the State's current fleet policy coverage is $250 thousand per claimant.

Claim liabilities not covered by commercial insurance are recorded by the State when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities not covered by commercial insurance relate primarily to worker's compensation claims and health benefit claims.

3. EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

Plan Description: The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System ("NHRS") established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. NHRS is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. NHRS covers substantially all full-time State employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. NHRS 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 its members and beneficiaries.

Group I members at age 60 (age 65 for members beginning service on or after July 1, 2011) 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 (1.667%) of average final compensation multiplied by years of creditable service (1/66 of AFC times creditable service for members beginning service on or after July 1, 2011). AFC is defined as the average of the three highest salary years for members vested as of January 1, 2012 and five years for members not vested as of January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.515%) of AFC multiplied by years of creditable service.

Members in service with 10 or more years creditable service who are between age 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.

All covered Commission 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.

Pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, NHRS also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at http://www.nhrs.org

Funding Policy: NHRS is financed by contributions from the members, the State and local employers, and investment earnings. By statute, Group I members contributed 7.0% of gross earnings. Group II firefighter members contributed 11.80% of gross earnings and group II police officers contributed 11.55% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 11.08% of gross payroll for Group I members, 27.79% of gross payroll for Group II firefighter members, and 25.33% of gross payroll for Group II police officer members.

The Commission's required and actual contributions for the period ended March 31, 2019 were $29,846, which included an amount for other postemployment benefits of $319.

OTHER POSTEMPLOYMENT BENEFITS

The State also participates in two other postemployment benefit (OPEB) plans – (1) New Hampshire Retirement System (NHRS) which is a cost sharing OPEB plan (medical subsidy portion of the pension trust) administered through a trust that meets the criteria in paragraph 4 of GASB 75 (Trusted OPEB Plan), and (2) State's single employer (primary government with component units) defined benefit OPEB plan which is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 (Non Trusted OPEB Plan). The actuarial liability and expenses of the OPEB plans do not flow to the Department-level financial statements.

General Information About The New Hampshire Retirement System Trusted OPEB Plan

Plan Description: Pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, NHRS administers a cost-sharing multiple employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type ("medical subsidy plan"). The membership groups are Group II Police Officers and Firefighters and Group I State Employees. NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at http://www.nhrs.org

Benefits Provided: The Trusted OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employers of its members, or their insurance administrator, toward the cost of health insurance for a qualified retiree, spouse, and certifiably dependent children with a disability who is living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving Trusted OPEB Plan benefits differ for Group I and Group II members. Eligibility for the medical subsidy payment is determined by the relevant RSA's, however, the medical subsidy plan is closed to new entrants. The State is a recipient of these medical subsidy payments on behalf of its former employees.

Contributions: Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 1.07% of gross payroll for Group I members, 4.10% of gross payroll for Group II firefighter members, and 4.10% of gross payroll for Group II police officer members. Employees are not required to contribute to the Trusted OPEB Plan.

The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the medical subsidy plan. The Commission's contributions made to the NHRS for the medical subsidy component amounted to $319 for the nine months ended March 31, 2019.

General Information about the Non Trusted OPEB Plan

Plan Description: RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses. These benefits include group hospitalization, hospital medical care, surgical care and other medical 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 on or after July 1, 2003 to have 20 years of state service in order to qualify for health benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, a single-employer group health fund, which is the state's self-insurance internal service fund implemented in October 2003 for active state employees and retirees. The Fund covers the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees, and eligible spouses. An additional major source of funding for retiree benefits is from the NHRS medical subsidy payment described earlier.

Required Supplementary Information
Budgetary Reporting
(Unaudited)

State of New Hampshire
New Hampshire Commission for Human Rights
Budget to Actual Schedule – General Fund (Budgetary Basis) (Unaudited)
For the Nine Months Ended March 31, 2019

Revenues	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance With Final Budget-Positive (Negative)
Unrestricted Revenues				
Fines	$ -0-	$ -0-	$ -0-	$ -0-
Other	-0-	-0-	-0-	-0-
Total Unrestricted Revenues	**-0-**	**-0-**	**-0-**	**-0-**
Restricted Revenues				
Federal	152,904	116,200	61,570	(54,630)
Other	1,312	1,312	2,122	810
Training	3,809	3,921	1,575	(2,346)
Total Restricted Revenues	**158,025**	**121,433**	**65,267**	**(56,166)**
Total Revenues	**158,025**	**121,433**	**65,267**	**(56,166)**
Expenditures				
Salaries and Benefits	613,033	531,566	365,073	166,493
Rent and Leases	41,081	41,161	33,410	7,751
Transfers to Other State Agencies	13,258	13,258	2,895	10,363
Information Technology	9,339	9,339	5,151	4,188
Current Expense	8,548	7,500	6,058	1,442
Contracted Services and Other	14,786	13,109	3,488	9,621
Travel Reimbursement	7,524	4,864	1,965	2,899
Total Expenditures	**707,569**	**620,797**	**418,040**	**202,757**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(549,544)**	**(499,364)**	**(352,773)**	**146,591**
Other Financing Sources (Uses)				
Net Appropriations	549,544	499,364	352,773	146,591
Total Other Financing Sources (Uses)	**549,544**	**499,364**	**352,773**	**146,591**
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	**$ -0-**	**$ -0-**	**$ -0-**	**$ -0-**

The accompanying note is an integral part of this schedule.

State of New Hampshire
New Hampshire Commission for Human Rights
For the Nine Months Ended March 31, 2019

Note To The Required Supplementary Information – Budgetary Reporting (Unaudited)

The Budget To Actual (Non-GAAP Budgetary Basis) Schedule depicts budgeted to actual expenditures at the Department level, which is the legal level of budgetary control for all governmental funds.

The comparison schedule presents the original and current appropriated budgets for fiscal year 2019, as of March 31, 2019, as well as the actual resource inflows and outflows stated on the budgetary basis.

The "original budget" and related estimated revenues represent the spending authority enacted into law by the appropriation bill (HB144) as of June 30, 2017, with an effective date of July 1, 2017, and include balances and encumbrances carried forward from the prior year.

Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the "final budget" column for those accounts included in the original budget. Therefore, updated revenue estimates available for appropriations as of March 31, 2019, rather than the amounts shown in the original budget are reported. The final appropriations budget represents the original budget (HB144), plus HB517 and supplemental appropriations, carry-forwards, approved transfers, and any executive order reductions for budgeted accounts.

When statements are presented at an interim date, a date other than a June 30 fiscal year end, the variance reflects the difference between the twelve-month budget period amount and a partial year's actual revenue and expenditures. Thus, for the nine-month financial statement dated March 31, 2019, unfavorable revenue variances are expected. Similarly, favorable expenditure variances are expected as nine months of expenditures are compared to the anticipated expenditures of the twelve-month budget period.

Reconciliation Of Budgetary To GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results column of the Budget To Actual (Non-GAAP Budgetary Basis) schedule is presented on a "budgetary basis" under such standardized accounting methods and policies structured to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid, rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures. Additional revenue accruals are made on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the differences between budgetary accounting methods and the GAAP basis accounting principles for the nine months ended March 31, 2019.

RECONCILIATION OF BUDGETARY TO GAAP

Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (Budgetary Basis)	$	(352,773)
Adjustments and Reclassifications:		
To record change in Accounts Payable and Accrued Payroll		7,529
To record change in Accounts Receivable		30,470
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (GAAP Basis)	$	(314,774)