

LBA Financial Audit Report Summary:

**Adjutant General's Department For The Nine Months Ended
March 31, 1999**

The Adjutant General's Department is established in state statute under RSA 110-B. The Adjutant General serves as the Governor's military chief of staff and is the executive head of the Adjutant General's Department. He is appointed by the Governor and serves office until the age of 65.

The Adjutant General is responsible for the State Militia, which is comprised of the Army and Air National Guards, the State Guard, and the Unorganized Militia. The National Guard is the active bureau of the State Militia. The mission of the Department, on the state level, is to protect life and property and to preserve peace and order during an emergency or disaster. Additionally, it assists the New Hampshire Fish and Game Department in search and rescue operations. On the federal level, the Department is charged with providing the United States Army and Air Force with trained individuals available for active duty in the event of a national emergency or war. It also provides support to federal and state law enforcement agencies with counterdrug operations.

On July 1, 1997, the Department was given the responsibility to administer the operation and maintenance of the New Hampshire State Veterans Cemetery, which opened in July 1998. It is the first veterans cemetery in this state. Eligible veterans and their spouses/dependents may be buried there. As of March 31, 1999, there have been 224 interments in the Veterans Cemetery.

The Department is funded by appropriations in the General, Special and Capital Projects Funds. The financial activity of the Department for the nine months ended March 31, 1999 is summarized in the following table.

Summary Of Revenues And Expenditures
Nine Months Ended March 31, 1999

(in thousands)	General Fund	Special Fund	Capital Fund	Total
Restricted Revenues	\$ 764	\$ 2,464	\$ 5	\$ 3,233
Expenditures	\$ 2,333	\$ 2,816	\$ 103	\$ 5,252
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ (1,569)	\$ (352)	\$ (98)	\$ (2,019)

The audit report included auditor's reports on compliance and on internal control over financial reporting and on management issues. The following table lists the topic of the comments in the report.

Internal Control Comments
Reportable Conditions

- Documentation To Support Real Property Valuations Should Be Improved
- Controls In The Cash Receipt Process Need Improvement
- Consumable Inventory Process Should Be Strengthened
- Deficiencies In Accounting For Equipment Inventory Should Be Corrected

Compliance Comments
State Compliance

- Written Policies And Procedures Needed For Kelly Days
- Armory Administrative Rules Should Be Adopted
- Veterans Cemetery Fee Schedule Should Be Completed
- Clarification Needed For Purpose Of Veterans Cemetery Council
- Statements Of Financial Interests Should Be Filed

Federal Compliance

- Suspension And Debarment Procedures For Federally Funded Construction Contracts Should Be Implemented

Management Issues Comments

- **Strategic Business Plan Should Be Developed**

The auditor's report on the Department's financial statement was qualified due to the lack of presentation of the financial position of the Department in the General, Special and Capital Projects Funds, the understatement of General and Special Fund revenues, and the lack of documentation to support fixed assets valuations.