

**STATE OF NEW HAMPSHIRE
FISH AND GAME DEPARTMENT
OFF HIGHWAY RECREATIONAL VEHICLE
REGISTRATION PROGRAM**

**INTERNAL CONTROL OVER REVENUE
NOVEMBER 2012**



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To The Fiscal Committee Of The General Court:

This report presents the results of our assessment of the internal controls in place over the receipt, deposit, recording, and distribution of proceeds from the sale of snowmobile and off-highway recreational vehicle (OHRV) registrations at the Fish and Game Department (Department) during the six months ended December 31, 2011.

We conducted our work in accordance with auditing standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings.

The work performed was for the purpose of meeting the audit objectives described on page 3 of this report and did not constitute an audit of financial statements in accordance with GAGAS. The work performed also was not designed for the purpose of expressing an opinion on the effectiveness of the Department's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Department's internal controls.

The Department's response is included with each finding in this report. We did not audit the Department's responses.

Office of Legislative Budget Assistant
Office Of Legislative Budget Assistant

November 2012

**STATE OF NEW HAMPSHIRE
FISH AND GAME DEPARTMENT
OHRV REGISTRATION PROGRAM**

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This report can be accessed in its entirety on-line at:
<http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports.aspx>

* Comment suggests legislative action may be required.

**STATE OF NEW HAMPSHIRE
FISH AND GAME DEPARTMENT
OHRV REGISTRATION PROGRAM**

EXECUTIVE SUMMARY

Agency management is responsible for establishing and maintaining effective internal controls, including controls over financial reporting, and controls over compliance with the laws, administrative rules, regulations, contracts, and grant agreements applicable to the agency's activities. The Department of Administrative Services (DAS) has developed an *Internal Control Guide* to help State agency personnel understand the concepts of internal control. It explains the purpose of internal control and also explains its five components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, the DAS also maintains a *Manual of Procedures* (Manual), approved by the Governor and Council, for use by all State agencies. The Manual contains guidance in a number of areas, including the use of the State's central accounting system, known as NHFirst.

The objective of this audit was to evaluate whether the Fish and Game Department (Department) has established and implemented adequate accountability and other internal controls over its receipt, deposit, recording, and distribution of proceeds from the sale of registrations for snowmobiles, all-terrain vehicles, and trail bikes, collectively known as off-highway recreational vehicles (OHRV). The objective of this audit was not to render an opinion on the Department's financial statements, internal control, or compliance.

Our audit was performed using auditing standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAGAS) and criteria in State statute, administrative rule, and policies and procedures, including the *Internal Control Guide*, the Manual, and accepted State business practice. The audit methodology is described in the Objectives, Scope, and Methodology section that follows.

SUMMARY OF RESULTS

We found internal controls over the receipt, deposit, recording, and distribution of snowmobile and OHRV registration revenues were suitably designed to provide reasonable assurance that the specified internal control objectives would be achieved. However, we noted the Department could do more to validate the accuracy of registration revenues, as discussed in Observation No. 1.

We also found the efficiency of, and controls over, the Department's snowmobile and OHRV registration revenue process would benefit from revising control documents, improving timeliness of data entry, improving security over information and assets, monitoring member registrations and registration certificates, strengthening the accounting for decals, increasing knowledge of information systems, performing revenue reconciliations, and improving the documentation for the distribution of proceeds from the sale of registrations.

The Department was largely in compliance with statutes, rules, and policies and procedures related to the audit objectives.

BACKGROUND

The Department, pursuant to RSA 215-A and RSA 215-C, is responsible for the administration of the OHRV registration, education, and enforcement programs. OHRVs operated on other than personal property in New Hampshire are required by statute to be registered with the Department. OHRV registrations can be purchased directly at the Department or at one of its more than 190 registration agents appointed by the Department’s Executive Director. The cost for a registration is primarily dependent on the type of vehicle, snowmobile, all-terrain vehicle, or trail bike, whether the registrant is a resident or nonresident of New Hampshire, and, for snowmobiles, whether the registrant is a member of a recognized snowmobile club.

Agents submit an accounting of all registrations sold and related receipts to the Department monthly, in accordance with RSA 214-A:4. The Department retains a portion of OHRV registration fees collected to support its OHRV program and Search and Rescue Fund, and distributes the remainder to the Department of Resources and Economic Development (DRED) to support the Bureau of Trails’ Grant-in-Aid Program and administrative costs, in accordance with RSA 215-A:23 and RSA 215-C:39.

The Department reported the following OHRV registration revenues in the State’s accounting system during the six months ended December 31, 2011.

**OHRV Registration Revenues¹
Six Months Ended December 31, 2011 (Unaudited)**

	Total Revenues	Retained By Fish And Game²	Distributed To DRED
Registrations	\$ 1,256,283	\$ 500,369	\$ 755,914

Notes:

1. Source: *Revenue Source Summary of All Revenues Recognized vs Budgets for Budget Fiscal Year 2012 as of December 31, 2011.*
2. Includes Department business office sales of December 2011, which will be distributed to DRED in the third quarter of fiscal year 2012.

At December 31, 2011, two full-time Department business office employees were paid from the OHRV registration program and an additional seven Department business office employees had responsibilities related to the OHRV program.

The Department is located at 11 Hazen Drive, Concord, New Hampshire.

OBJECTIVES, SCOPE, AND METHODOLOGY

Audit Objectives

1. Assess the control environment, including management's policies and procedures for establishment and maintenance of an effective control system relating to the receipt, deposit, recording, and distribution of proceeds from the sale of OHRV registrations.
2. Assess the adequacy of the design of internal controls over the receipt, deposit, recording, and distribution of proceeds from the sale of OHRV registrations including:
 - Adequacy of written policies and procedures, and
 - Adequacy of controls over compliance.
3. Assess establishment of controls as designed.
4. Assess the operation of the controls, including:
 - Functional compliance with written policies and procedures, laws, and rules related to OHRV registration revenue,
 - Adequacy of separation of duties, reporting, reconciliations, and reviews of cash, check, and credit card handling activities,
 - Safeguarding of cash, check, and credit card receipts, and
 - Timely recording and timely deposit of cash, check, and credit card receipts.

Audit Scope

The scope of our audit of the Department's OHRV Registration Program included the adequacy of internal controls relating to the Department's: processing of cash, check, and credit card receipts resulting from registration transactions; recording of registration transactions in the Department's information systems, including its point-of-sale system, OHRV registration database, and the State's accounting system, NHFirst; and distributing registration revenues to Department and Department of Resources and Economic Development accounts. The audit period was July 1, 2011 through December 31, 2011.

Audit Methodology

1. Interview auditee personnel.
2. Observe revenue processes.
3. Review auditee documentation, including:
 - Agency policies and procedures,

- Agency documentation of receipt, deposit, recording, and distribution of proceeds from the sale of OHRV registrations, and
 - Agency documentation of registration certificates, sales and inventory forms, and reports related to revenues from the issuance of OHRV registrations.
4. Review State laws, rules, policies and procedures, and records, including:
- Revised Statutes Annotated,
 - Administrative rules,
 - State policies and procedures, and
 - State accounting system records.
5. Test transactions to determine whether controls over the receipt, deposit, recording, and distribution of OHRV registration revenues, and the activities related to that registration activity, were in place and operating as intended.

PRIOR AUDIT

The most recent prior audit that included in its scope the controls over the Fish and Game Department's OHRV registration revenues was the financial audit of the Fish and Game Department for the fiscal year ended June 30, 2003. The appendix to this report on page 17 contains a summary of the current status of the observations contained in that report. A copy of the prior audit report can be accessed on-line at:
<http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports.aspx>.

FINDINGS AND RECOMMENDATIONS

Observation No. 1: Registration Process Should Be Made More Controlled And Efficient

Observation:

The Department's registration process is inefficient and lacks suitable controls.

The Department's registration process utilizes uncontrolled paper registration forms and numerically controlled registration decals to evidence a current registration. The Department's registration agents manually complete the registration forms with the name and address of the registrant, OHRV identification information, and fees collected. The registrant signs the form and is provided a copy of the form along with registration decals to be affixed to the OHRV. Based on the residency of the registrant, the OHRV type, and for snowmobiles whether the registrant is a registered club member, the agent determines and collects the fee, circles the fee collected on the registration form, and forwards the forms and fees monthly to the Department for reconciliation and entry into the Department's information system. The Department does little to validate the accuracy of the information contained on the registration forms, other than review the information for consistency with any available prior year registration information.

During the audit period, the Department did not key OHRV registration information into the OHRV database in a timely manner. The lack of timely keying and reconciliation of registration data limited the usefulness of the data and also delayed the distribution of registration fees to the appropriate State agencies and accounts and delayed resolution of any issues that may be detected by the reconciliations.

A review of OHRV registrations processed during the audit period noted the Department keyed 36 of a random sample of 40 registrations from 35 to 141 days after the registrations were received by the Department. Prior to the Department recording the registration information in the database, there is no readily available registration information for use by the Department or others for enforcement and trail-use, economic, and other planning purposes.

Recommendation:

The Department should review its registration process with the intention of making the process more controlled and efficient for the Department, its agents, and its customers.

- The Department should consider revising the registration forms to require the agent to post the actual fee collected.
- The Department should consider whether it could be practical to use a control number on the registration form to better account for those documents.
- The Department should consider periodically comparing a sample of registrations sold at the lower member rate to club membership information to ensure proper registration fees are being collected and submitted to the Department.

The Department should also review the use of an on-line registration process that could enable direct customer registrations with the Department, minimizing the redundant posting of information and efforts needed for reconciling data, while speeding up the completion of the registration database and the distribution of revenues to the appropriate accounts.

Auditee Response:

We concur.

The Department is considering an on-line registration system which would eliminate most of the problems above.

The Department does not have the practical or legal ability to confirm registrants' membership status.

The Department will work with DRED to determine possible strategies to address the concerns noted.

Observation No. 2: Controls Over Inventory Of Registration Decals Should Be Improved

Observation:

Weaknesses in the Department's registration decal inventory control processes increase the risk registration decals could be lost, stolen, or misused. As noted in Observation No. 1, the OHRV database is generally not up-to-date with registrant information. As blank registration forms are not controlled, an inappropriately obtained registration decal could be used to misrepresent a registration that would otherwise cost up to \$114. Any unauthorized access to registration decals, combined with their potential for misuse and the lack of current registrant information, presents a significant risk decals could be stolen and misused without detection.

The following identify weaknesses in the Department's control over registration decals and plates (plates are issued for antique, dealer, and government OHRV registrations).

1. The Department does not record information related to the issuance of registration decals and plates from the Department's Concord sales office in a consistent manner, resulting in information related to that activity being recorded on one or more of several logs, or not being recorded at all. The information, if recorded, is also inconsistent in detail. While the Department reports it prepares and maintains the logs to provide a means of researching discrepancies upon posting registration data to the OHRV database, the inconsistent and often incomplete log information limits their usefulness.
2. The Department does not track its complete registration decal inventory in its OHRV database. During the audit period, the Department accounted for 1,500 of the 2,000 decals it purchased for registration of dealer, rental, and trail maintenance vehicles. The Department reported it only tracked the decals it expected to issue. Maintaining stocks of decals outside

of the regular inventory control processes increases the risk that decals could be lost, stolen, or otherwise misused.

3. The Department has not effectively segregated duties over the custody of registration decals maintained at the Department's Concord sales office. The same sales office employees who sell registrations and record the issued registrations in the OHRV database also dispose of unsold decals at the close of the registration year. Similarly, the Department's shipping and receiving clerk who has custody of unissued decals also disposes of unissued decals at the close of the registration year. The assignment of these incompatible duties is not mitigated through the use of compensating controls such as independent counts, reconciliations, or other management reviews of documentation to ensure all decals are accurately accounted for. Having both custody of decals and the responsibility for the destruction of unissued decals, without mitigating controls, is a design deficiency in the controls over the security of those registration decals.
4. A supply of unsold decals is stored in a closet that is also used for the storage of general office supplies. Employees not directly involved with the OHRV registration program have access to the closet and the decals stored in the closet.
5. The Department does not require its OHRV registration sales agents to acknowledge receipt of consigned decals, even though the Department's decal issuance document instructs agents to return a signed copy of the document to acknowledge receipt of the decals. The Department reports it considers the acknowledgement unnecessary, as the shipper's tracking service has been determined sufficient to investigate and resolve any shipping discrepancies that occur. During testing, we noted signed acknowledgements were not on file for ten (27%) of a sample of 37 shipments tested. Inconsistent application of a control process lessens its value.

Recommendation:

The Department should strengthen its controls over the inventory of OHRV registration decals.

1. The Department should implement policies and procedures for logging registration decals and plates issued at the Department's sales office. The Department should require pertinent information be recorded accurately and consistently to improve the reliability and usefulness of the data recorded in the log.
2. The Department should record all registration decal activity in the OHRV database. The Department should use the OHRV database as a control to ensure all decals are accounted for from vendor delivery through issuance or destruction.
3. The Department should improve segregation of duties controls over the custody of registration decals at the Department's Concord sales office and in the Department's shipping and receiving area or implement effective compensating controls.

4. Access to OHRV decal inventories should be restricted to employees accountable for the inventories.
5. The Department should either enforce the policy requiring agents to return a signed copy of the decal issuance document or eliminate the policy if deemed unnecessary.

The Department should also ensure that effective monitoring controls over the above noted control activities are in place to provide assurance that controls have been properly designed and operate as intended.

Auditee Response:

We concur.

1. A new Front Office Monthly sales report form and reconciliation process to cash register (POS) monies has been developed.
2. All OHRV registration decals are now recorded in the database.
3. A new procedure has been developed ensuring returns are processed by personnel other than Front Office employees.
4. The only OHRV decal inventory remaining in the closet is for Department use and access is restricted.
5. The Department will eliminate the policy requiring OHRV registration agents to return a signed copy of the decal issuance document.

Observation No. 3: Accountability Over The Department's Sale Of Registrations Should Be Improved

Observation:

Controls over the sale of OHRV registrations in the Department's Concord sales office are not properly designed and implemented to provide accountability over those sales or the inventory of unsold decals.

The Department's sales office sells OHRV registrations as well as hunting and fishing licenses and other items. Employees process sales through a computerized point-of-sale (POS) system. An inventory of OHRV registration decals and forms is maintained in the sales office to support those sales.

The Department has not implemented policies and procedures for establishing and maintaining accountability for transactions recorded in the POS system. While the POS system employs user

names and passwords to control access to the system, that access control does not effectively provide accountability over processed transactions. For example:

- Employees are not required to safeguard access to the POS terminal when logged in. In fact, cashiers report not always logging out of the POS system when taking breaks. Employees covering employees on break sometimes transact business under the other cashier's username and password.
- The POS terminals have not been set to go off-line and require users to re-enter a logon to reestablish system access to process transactions after a period of inactivity.

The risk to operations resulting from the ineffective use of the POS access and accountability controls is increased due to the POS terminals being in an area of the business office that does not have restricted access. Accountability controls are further weakened as keys to the cash drawers, which allow the opening of the drawer independent of a sale transaction being recorded, are stored in the cash drawers.

Other control concerns include:

- The lack of standard operating policies and procedures for other operational aspects of the POS system including the process for opening and closing the POS terminals at the start and end of an employee's shift.
- The lack of review and approval controls for price changes. Clerks can override standard POS pricing without a supervisor's prior approval or subsequent review.
- The key to the secure room containing the safe and decal inventory is stored in an unsecured drawer clearly labeled "keys."

Recommendation:

The Department should design and implement controls to improve accountability over sales transactions recorded in the POS system and the inventory of unsold decals maintained in the sales office.

1. The Department should utilize more effectively the accountability controls available in the operation of the POS system. Employees should safeguard their usernames and passwords and not allow other employees to process transactions under their credentials. The POS system should be configured with forced logoffs, set at a reasonably short inactivity period, to limit the risk that an unattended POS terminal could be inappropriately used.
2. Policies and procedures for secured operation of the POS system, including policies and procedures for the opening and closing of cash drawers, should be established.
3. Segregation of duties should be established for price changes.
4. Keys should be secured in a manner that promotes the integrity of the lock controls.

Auditee Response:

We concur.

1. The cash register (POS) system has been updated for Payment Card Industry (PCI) compliance which includes the terminals to be set to go off-line and require users to re-enter a logon to reestablish system access.
2. The Front Office Procedures have been updated and distributed to staff.
3. OHRV prices can no longer be overridden by Front Office employees.
4. Keys have been moved and are locked up during non-business hours.

Observation No. 4: Policies And Procedures For Revenue Reconciliations Should Be Established

Observation:

The Department does not reconcile the business and sales activity recorded in its three information technology (IT) systems used to process OHRV registration revenue.

In addition to the State's accounting system (NHFirst), the Department also uses a point-of-sale (POS) system and an OHRV database. The POS system functions as a cash register system for recording receipts, including the sale of OHRV registrations in the Department's sales office. The OHRV database, used to record OHRV registration activity, including registrant names, vehicle, and other registration information, is used to reconcile agent remittances, determine allocations of registration revenues, and maintain decal inventory information.

We noted the following revenue reconciliation weaknesses in the OHRV registration process.

1. The registration activity recorded in the OHRV database is not reconciled to the corresponding revenues recorded in NHFirst.
2. The OHRV registration receipts recorded in the POS system are also not periodically reconciled to the corresponding revenues recorded in NHFirst.
3. The Department is inconsistent in reconciling revenue to the corresponding business activity (number and types of registrations sold). The Department reconciles monthly agent remittances to the reported registrations sold but the Department does not reconcile registration sales revenue processed at the Department's Concord sales office to the corresponding business activity.
4. The daily cash-out reconciliation process for the Department's sales office POS system allows the cashier to know how much in receipts has been recorded as processed for the day prior to their counting the cash receipts. This knowledge, combined with the lack of reconciling procedures described in item 3 above, increases the risk that cash overages, if stolen, would go undetected.

The delay in recording registration transactions in the OHRV database discussed in Observation No. 1 contributes to the difficulty in preparing timely reconciliations of that system.

Recommendation:

The Department should establish policies and procedures for timely and meaningful revenue reconciliations of its information systems. Common codes, accounts, and categorizations of activity should be used where possible to improve the comparability of information.

Based on those policies and procedures, the Department should prepare periodic reconciliations of financial activity in the POS system and OHRV database to corresponding revenue activity recorded in NHFirst. Significant variances should be investigated and corrected timely to ensure the accuracy, completeness, and relevance of the financial activity and to maintain the integrity and usefulness of the data. The reconciliations should be subject to a review and approval control.

The Department's revenue reconciliation processes should include a reconciliation of OHRV registration revenue collected at the Department's Concord sales office to the corresponding business activity, in a manner similar to its reconciliation of agent sales activity.

The Department should review its daily cash-out process to determine whether a "blind" cash count could be integrated that would allow for more controlled determination of cash for deposit.

Auditee Response:

We concur.

The Business Administrator, who oversees information in NHFirst, will work with the Licensing Supervisor, who oversees the POS system and OHRV database, to develop a reconciliation procedure for revenues.

The Department's Front Office sales are now reconciled starting with the 2013 OHRV year using new report (log) forms in the Front Office.

The Department agrees with the control value of a blind cash count; however, due to the timing of the close out and limited business office staff, currently, a blind cash count is not practicable.

Observation No. 5: Documentation Of Revenue Distribution Process Should Be Improved

Observation:

The Department was not able to fully support the accuracy of the revenue distributions made to the Department's revenue account and to the Department of Resources and Economic Development's (DRED) revenue accounts for the first and second quarters of fiscal year 2012.

1. The two distributions to DRED were net of 5.1% and 6.4% adjustment amounts, respectively, representing shortages of funds distributed when compared to the Department's determination of registrations sold during the periods reported. Shortages could arise from inaccurate agent reporting of registrations sold, incomplete remittances from agents, returned checks, other clerical errors, or missing money. The cause of amounts reported as adjustments on the quarterly distribution report (referred to as the "Bucket Report") were not sufficiently understood by the Department to be fully described to the auditors. The Department reported the adjustment amounts are identified through its processing of standard database query routines, the significance of which are not fully known to current Department employees.
2. The Department calculates the quarterly distribution of OHRV revenues based on registrations issued and revenue data recorded in the Department's OHRV database. The distributions are not based on, or reconciled to, OHRV revenues recorded in NHFirst.

The Department made the first quarter fiscal year 2012 distribution on February 24, 2012, approximately five months after the quarter end. The Department made the second quarterly distribution February 28, 2012.

Recommendation:

The Department should review its process for determining and distributing OHRV registration revenues to ensure it is making accurate and timely distributions and that the causes for all revenue adjustments are reviewed and considered for possible management response.

Based on the results of that review, the Department should establish policies and procedures that provide for a controlled and fully-documented process for allocating and distributing registration revenues to the appropriate agencies and accounts.

The policies and procedures should include a review and approval control to ensure the calculations and resultant distributions are accurate and reconcile to revenue recorded in NHFirst.

Auditee Response:

We concur.

We will improve documentation of the quarterly distributions.

We will also reconcile that information to NHFirst, quarterly.

Observation No. 6: Statutes And Forms Should Remain Current

Observation

The Department has not established and maintained effective controls for its information sharing and communication efforts with its agents and customers. The Department has not kept its OHRV registration forms and other program materials current and has not requested a legislative correction to a recognized inconsistency in statute. For example:

- A statutory revision enacted by Chapter 181, Laws of 2010, did not account for the full distribution of a revised fee for the transfer or replacement of an OHRV registration. While RSA 215-A:22, I, recognized the fee at \$17.50, RSA 215-A:23, V, only directed the distribution of \$15 of the fee. During the audit period, the Department distributed the entire fee in the same proportions as the fee prescribed for the transfer or replacement of a snowmobile registration.
- The agent-agreement document used during the audit period had an incorrect statutory reference and two of 32 agreements tested did not have an effective date for the agreements.
- The form used to facilitate an agent's monthly remittance of registration fees included an outdated statutory reference.
- The form used to facilitate an agent's return of un-issued decals included an outdated statutory reference and conflicting guidance regarding the timing of the return of un-issued registration decals.

Information sharing and communication controls are integral components of an organization's controls. The lack of effective information and communication controls increases the risk that the program will not operate as intended.

Recommendation:

The Department should improve its information sharing and communication controls. The Department should request timely revisions to statutes and ensure that its forms include current statutory citations and guidance.

Auditee Response:

We concur.

The business office remitted a change recommendation of RSA 215-A:23 V to the Department's Rules Coordinator for implementation of the effective change.

The Department has updated the agent agreement.

Agent Monthly Report and Agent Return Form's will be updated during the next printing of those forms scheduled for February–March 2013.

Observation No. 7: Part-Time Employees Should Be Paid For Hours Worked Each Pay Period And Provided Only Authorized Benefits

Observation:

During the audit period, the Department allowed part-time employees to accrue compensatory time for hours worked beyond their regularly scheduled part-time hours, without apparent authority. There is no provision in statute, administrative rules, or the collective bargaining agreement for part-time employees to accrue and use compensatory time. There is also no mechanism in the State's payroll and accounting system to account for compensatory time granted to part-time employees.

In addition, one part-time Department employee was regularly paid for 32 hours of work per week, 64 hours per pay period, even though actual time worked by the employee during the six months ended December 31, 2011 varied from a low of no hours to a high of 75 hours per pay period. The employee and the employee's immediate supervisor maintained the record of the compensatory time on timesheets submitted to the Department's human resources personnel for tracking on informal ledger sheets.

Department management reported it was unaware part-time employees were provided with the opportunity to accrue and use compensatory time.

Recommendation:

Benefits, including the accrual and use of compensatory time, should not be provided to part-time employees unless those benefits are permitted by statute, administrative rule, or other State policy.

The Department should review its part-time employment policies and procedures with the Department of Administrative Services, Division of Personnel, to ensure they comply with State personnel requirements.

Auditee Response:

We concur.

Management was unaware part-time employees were not allowed to accrue compensatory time. The Department has discontinued this practice.

Observation No. 8: Annual Job Performance Evaluations Should Be Prepared

Observation:

The Department has not consistently prepared annual job performance evaluations for its employees working in the OHRV registration program, contrary to State statute, administrative rules, and Executive Order 2011-5. Although step increases were frozen during the audit period, historically, the Department reports step increases have been granted without a completed job performance evaluation, based on written correspondence from an employee's supervisor to the Department's human resources section indicating the employee's performance warrants a step increase.

In addition to being required by statute and rule, regular employee performance evaluations can be important components of an organization's control environment. Information gathering and sharing techniques, including regular employee performance evaluations, provide management with the opportunity to gauge and respond to employee performance and provide employees with the opportunity to receive and react to management's feedback on their job performance.

Recommendation:

The Department should prepare annual job performance evaluations for employees in accordance with statute, administrative rules, executive order, and good internal control practice.

Auditee Response:

We concur.

Management has not kept current with annual job performance evaluations; they have not been a priority of current resources available. Management will make every effort to bring annual job performance evaluations up to date.

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APPENDIX - CURRENT STATUS OF PRIOR AUDIT FINDINGS

The following is a summary, as of November 2012, of the current status of the revenue-related observations contained in the financial and compliance audit report of the Fish and Game Department for the fiscal year ended June 30, 2003. The prior audit report can be accessed on-line at <http://www.gencourt.state.nh.us/LBA/AuditReports/financialreports/asp>.

	<u>Status</u>			
<i>Internal Control Comments</i>				
<i>Reportable Conditions</i>				
<u>Financial Administration</u>				
4. Accountability Controls For Revenues And Receipts Collected In The Sales Office Should Be Improved (<i>See Current Observation No. 3 For Related Issue</i>)	●	●	●	
<u>OHRV Program</u>				
15. Accounting For And Reporting Of OHRV Financial Activity Should Be Improved	●	●	○	
16. Contract Monitoring System Should Be Established For OHRV Registrations	●	●	●	
17. Accounting For OHRV Transactions Should Be Simplified	●	●	●	
18. Procedures For Distributing Excess OHRV Revenue Should Be Reviewed	●	●	●	
19. Critical Agreements Should Be Monitored And Provided For Prior To Expiration To Ensure Continued Operation	●	●	●	
<i>Compliance Comments</i>				
<i>State Compliance</i>				
46. Conflicting OHRV Statutes Should Be Clarified	●	●	●	
<u>Status Key</u>	<u>Count</u>			
Fully Resolved	●	●	●	6
Substantially Resolved	●	●	○	1
Partially Resolved	●	○	○	0
Unresolved	○	○	○	0

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