

LBA Financial Audit Report Summary:

State Treasury Audit Report For the Year Ended June 30, 1997

The State Treasury operates under the executive direction of the State Treasurer, a constitutional officer elected biennially by a joint ballot of the Senate and House of Representatives. Assisting, and appointed by the Treasurer, are one chief deputy treasurer, one deputy treasurer, and two assistant treasurers, all of whom are unclassified State employees. The Treasury was also staffed with 21 classified employees, for a total of 26 employees at June 30, 1997. The Office of Investment and Debt Management operates within the Treasury under the direction of a deputy treasurer.

The Treasury's primary responsibility as provided in New Hampshire Revised Statutes Annotated (RSAs) 6, 6-A, 6-B, 6-C, 11, and 471-C is the management of the State's cash, investments and debt, trust funds, and abandoned property program.

Our report included two observations regarding weaknesses in the internal control structure, five state compliance observations, and two management issues.

Some of the more significant observations included:

- review and approval of investment activity,
- authority to accept custodial and investment management duties,
- untimely distribution of schools and roads funds,
- agency deposit procedures, and
- documentation of State revenue sharing distribution.

We recommended that Treasury:

- segregate the duties of initiating, authorizing, and recording investment transactions,
- seek Governor and Council approval prior to accepting custody of certain trust funds,
- disburse the schools and roads funds within 60 days after receiving the funds from the federal government in accordance with RSAs 227-H:22 and 227-H:23,
- periodically and formally communicate State deposit procedures to all State departments and institutions, and
- document the basis for allocating revenue sharing distributions between a city/town and its associated precincts or school districts.