

## **LBA Financial Audit Report Summary:**

### **Banking Department (Excluding the Public Deposit Investment Pool) Audit Report For the Year Ended June 30, 1995 and the Six Months Ended December 31, 1995**

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The New Hampshire Banking Department is headed by an unclassified commissioner and deputy commissioner who are appointed by the Governor, with the advice and consent of the Council. The Department is organized into two divisions. The Banking Division is responsible for general supervision and examination of all banks (except national banks), trust companies, credit unions, and other similar institutions. The Consumer Credit Administration Division is responsible for the licensing, examination and regulation of non-depository lenders and brokers, including first mortgage bankers and brokers, second mortgage home loan companies, small loan companies, sales finance companies, and retail sellers of motor vehicles.

Our report included five observations regarding weaknesses in the internal control structure, two regarding noncompliance with state laws, and one management issue.

#### **Major observations included:**

- inadequate handling and reporting of receipts;
- inadequate segregation of duties in the areas of revenues, expenditures, and equipment;
- delayed billing of assessments;
- expired and unadopted administrative rules;
- failure of board members to file statements of financial interests; and
- disposition of an expendable trust fund.

#### **We recommended that the Department:**

- implement appropriate report procedures, restrictively endorse checks immediately upon receipt, and account for prenumbered cash receipts;
- strive to segregate duties of transaction authorization, custody of assets, and recording of transactions;
- calculate and invoice depository institution assessments as soon as the required information is received;
- work with the Joint Legislative Committee on Administrative Rules to adopt required rules;
- establish procedures to ensure that all advisory committee and board members file statements of financial interests; and
- determine if the trust company account meets the criteria of abandoned property and, if so, disburse it appropriately.