

# **LBA Financial Audit Report Summary:**

**Adjutant General's Office - Revenues Collected and Expenditures Paid for the Nine Months Ended  
March 31, 2007**

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## **Reporting Entity And Scope**

The reporting entity and scope of this audit and audit report are the revenues collected and expenditures paid - General Fund and Capital Projects Fund of the New Hampshire Adjutant General's Department for the nine months ended March 31, 2007.

The report describes the financial activity of the Adjutant General's Department, as it existed during the period under audit. Auditee responses were prepared by the Adjutant General's Department.

## **Organization**

The Adjutant General's Department (Department) was established pursuant to RSA 110-B. While this statute became effective on August 22, 1981, the position of Adjutant General has been in existence since 1895. The Adjutant General serves as the Governor's military chief of staff and is the executive head of the Department. He is appointed by the Governor and serves in office until the age of 65.

The Adjutant General's Department is comprised of three entities: Army National Guard, Air National Guard, and State Business Administration. Army National Guard units are assigned to 17 State armories located throughout the State, the State Military Reservation in Concord, the Army Aviation Support Facility in Concord and the Training Site in Center Strafford. The Air National Guard units of the 157<sup>th</sup> Air Refueling Wing and the 133<sup>rd</sup> Air Refueling Squadron are assigned to Pease Air National Guard Base in Newington. Both the Army and Air National Guard units are managed by the Joint Force Headquarters located at the State Military Reservation in Concord. The Veterans Cemetery is located on 104 acres in Boscawen.

## **Responsibilities**

The mission of the Department at the state level is to provide the State and its political subdivisions with operationally ready units and personnel to protect life and property and to preserve the internal security of the state when ordered by the Governor and to provide and maintain a dignified final resting place to honor all veterans and eligible dependents which expresses the State's gratitude for their service to the country.

The Department is responsible for the State Militia, which is comprised of the Army and Air National Guards, the State Guard (inactive) and the Unorganized Militia (inactive). The New Hampshire National Guard assists in time of natural disaster, during civil unrest, or search and rescue operations. The Department administers statutorily mandated programs such as the National Guard Scholarship Fund, military awards and decorations, and military records. The Adjutant General's Department is also responsible for the operations of the State Veterans Cemetery in Boscaawen. At the federal level, the Department is charged with providing the United States Army and Air Force with operationally ready units and personnel in support of the Total Force, and for war or national emergency as ordered by the President; or upon declaration of war by the Congress.

At March 31, 2007 the Department had 131 full-time State employees and eight part-time State employees.

The Adjutant General is also responsible for 1,675 federal employees associated with the Army National Guard and 929 federal employees associated with the Air National Guard. These soldiers are employed by the federal government and are officers or enlisted personnel in the New Hampshire National Guard.

## **Funding**

The financial activity of the Adjutant General's Department is accounted for in the General Fund and the Capital Projects Fund of the State of New Hampshire.

The following table summarizes the revenues collected and expenditures paid during the nine months ended March 31, 2007 for the Adjutant General's Department.

**Adjutant General's Department  
Summary Of Revenues Collected And Expenditures Paid  
For The Nine Months Ended March 31, 2007**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Total Revenues Collected	\$ 7,842,830	\$ 7,822,808	\$ 15,665,638
Total Expenditures Paid	<u>9,841,858</u>	<u>8,711,281</u>	<u>18,553,139</u>
<b>Excess (Deficiency) Of Revenues Collected Over (Under) Expenditures Paid</b>	<u>\$ (1,999,028)</u>	<u>\$ (888,473)</u>	<u>\$ (2,887,501)</u>

The auditor's report on the Adjutant General's financial statement was unqualified.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters and an auditor's report on other issues. The following is a list of the comments in the report.

## **Internal Control Comments**

### *Significant Deficiencies*

- The Department Should Seek Federal Reimbursement For All Allowable Costs Including Workers' And Unemployment Compensation Costs
- Policies And Procedures For Kelly Days Should Be Formalized
- Risk Assessment Practices Should Be Formalized And Documented For The Department's Business Office Functions
- The Department Should Coordinate With The National Guard Bureau To Ensure Timely Federal Reimbursements

### **Compliance Comments**

#### *Federal Compliance*

- The Department Should Ensure All Subject Contracts Comply With Federal Suspension And Debarment Provisions
- Timing Of Requests For Federal Reimbursements Should Be In Accordance With Cooperative Agreements

#### *State Compliance*

- The Department Should Seek Governor And Council Approval For Cemetery Regulations, Including Fees For Interment

- Service Award Administrative Rules Should Be Adopted
- Statements Of Financial Interests Should Be Filed Timely

***Management Issues Comments***

- Relationship With New Hampshire State Veterans Cemetery Association Should Be Reviewed
- The Department Should Establish Policies And Procedures To Safeguard And Preserve Historical Artifacts
- Controls Over Consumable Inventories Should Be Improved