

LBA Financial Audit Report Summary:

State of New Hampshire, Department of Resources and Economic Development, Bureau of Trails Financial Audit Report for the Nine Months Ended March 31, 2011

Reporting Entity And Scope

The reporting entity of this audit and audit report is the Bureau of Trails of the New Hampshire Department of Resources and Economic Development. The scope of this audit and audit report includes the financial activity of the Bureau of Trails for the nine months ended March 31, 2011. Unless otherwise indicated, reference to the Bureau refers to the Bureau of Trails and reference to the Department refers to the Department of Resources and Economic Development.

Organization

The Bureau is established by RSA 215-A:2 within the Division of Parks and Recreation of the Department of Resources and Economic Development. The Chief Supervisor of the Bureau reports directly to the Director of the Division who reports to the Commissioner of the Department.

The Bureau at March 31, 2011 was staffed with 15 full-time classified employees and one part-time employee.

The Bureau's primary location is at the Department headquarters located at 172 Pembroke Road, Concord, New Hampshire. Bureau employees also work from four other locations including Tamworth, Newbury, Lancaster, and Pittsburg, New Hampshire.

Responsibilities

The responsibilities of the Bureau are detailed in RSA 215-A:3 and include:

- Coordinating between the Department's Division of Forest and Lands and the Departments of Fish and Game and Transportation with respect to matters pertaining to off-highway recreational vehicles (OHRVs) and snowmobiles.
- Administering funds provided to the Department for the OHRV and snowmobile programs; acting as a liaison between landowners and OHRV and snowmobile users;

working with organized clubs in support of the OHRV and snowmobile sport; supervising the production of Department publications relating to the regulations and information on trails; maintaining up-to-date information and data relative to new OHRV machinery, equipment, national standards and safety; and assisting where required in any training programs that may be established.

- Coordinating efforts in obtaining easements and rights-of-way, in establishing trails and trail facilities.
- Making or participating in a continuing study on the effects of OHRV and snowmobile operations on erosion and other damage to the environment; providing the planning, development, and maintenance of the State trail system; promote the proper use of trails; encouraging the use of trails for educational purposes through the use of signs, published material and trail adoption programs; coordinating the development of the New Hampshire Heritage Trail designated in RSA 216-A:11; administering the New Hampshire Conservation Corps established in RSA 216-A:7; obtaining and administering federal funds; assisting communities with their trail programs; supporting research and information gathering activities on the economic benefits of trails and improved environmental design of trails; coordinating the efforts of motorized and non-motorized trail interests in the State; and maintaining a list of recognized OHRV clubs.
- Recommending to the Commissioner of the Department rules for the use and control of OHRV trails, facilities, and lands under the Bureau's control or lease.
- Making applications to the Department of Transportation for permits to allow OHRVs to operate on or across certain bridges when such access is necessary for gaining access to established trails or events.
- Making certain required reports.

Funding

The financial activity of the Bureau of Trails is accounted for in the General Fund of the State of New Hampshire.

The cost of administering the Bureau is recovered primarily through the receipt of a portion of the registration fees from OHRVs and snowmobiles registered to operate in the State, the receipt of unrefunded road tolls collected from the sale of fuel presumed used in OHRVs and snowmobiles, and federal program funds.

A summary of the Bureau's revenues and expenditures for the nine months ended March 31, 2011 is shown in the following schedule.

Summary Of Revenues And Expenditures

For The Nine Months Ended March 31, 2011

	General
	<u>Fund</u>
Restricted Revenue	\$ 5,175,964
Total Revenue	<u>5,175,964</u>
Total Expenditures	<u>4,998,651</u>
Excess (Deficiency) Of Revenues	
Over (Under) Expenditures	<u>\$ 177,313</u>

The auditor's report on the Bureau's financial statement was qualified, as the financial statement did not constitute a complete financial presentation of the Bureau in the General Fund.

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

Internal Control Comments

Significant Deficiencies

Revenues

- Revenue Controls Should Be Improved
- Revenue Provisions Of The Road Management Agreement Should Be Monitored
- Federal Funds Should Be Drawn Timely
- Fees Should Not Be Waived Without Appropriate Authority
- Revenue Should Be Recorded In The Statutorily Appropriate Accounts
- Special-Use Permit Fees Should Be Included In The Fee Schedule
- Accounting For And Reporting Of Site-Restoration Bonds Should Be Reviewed
- Allocation Of Fines Should Be Clarified

Grant Expenditures

- Controls Over Grant Payments Should Be Improved
- Ownership Interests In Grant-In-Aid Equipment Should Be Protected
- Information Sharing And Coordination Between State And Federal Trails Programs Should Be Improved
- Grantee Compliance With State Trails Program Requirements Should Be Improved
- Monitoring Of State Trails Grant Program Should Be Improved

Payroll

- Overtime Should Be Paid At Correct Rate
- Controls Over Accounting For Employee Leave Time Should Be Improved
- Controls Promoting Accuracy Of The Bureau's Payroll Should Be Improved

General Expenditures

- Statutory Authority For Approving Field Purchase Orders Should Not Be Informally Delegated
- Training In Department Purchasing Policies And Procedures Should Be Provided To Employees
- Communication Of Expenditure Information Should Be Improved

Federal Compliance Comments

- Controls Over Federal Program Matching Requirements Should Be Improved
- Controls Over Allocation Of Federal Program Funding Should Be Improved
- Identification And Tracking Of Assets Purchased With Federal Program Funds Should Be Improved
- Obligation Of Federal Program Funds Should Be By Project
- Suspension And Debarment Procedures Should Be Established
- Subgrantee Monitoring Program Should Be Implemented

State Compliance Comments

- Required Administrative Rules Should Be Adopted
- Required Reports Should Be Prepared And Submitted
- Required Monthly Reconciliations Of State Accounting System Reports Should Be Performed

* No audit comments suggest legislative action may be required.