

# INTERNAL CONTROL NEWS

## MARCH 2014

The purpose of this quarterly newsletter is to provide departments with articles on good business practices, internal controls, and responsibilities. Through articles intended to promote educational and professional development opportunities for employees, this newsletter seeks to raise awareness across state government on the importance of internal controls. We hope that by providing this array of information, we can keep you informed of internal control related activities, and help you implement and maintain effective controls in your areas of operation.

## Four Trees Saved and Counting...

We've come a long way in nine months and have saved an estimated 30,000 pieces of paper with the implementation of the Expense Module alone. True, not all paper is gone, but two things are certain – the amount of paper and the distance that paper travels have been reduced significantly. In the spirit of continuous improvement, here are a couple of additions and revisions related to the Expense Module:



- [VISION Procedure #9: Travel Cash Advance Management](#) is now available. This procedure outlines the steps to take to close and reconcile Expense Cash Advances. In addition, this procedure outlines the department and employee impact, including taxability, for cash advances that are over 120-days old.
- [Explanation of Late Filing Form](#) is still required for all expense reports that include items over 60-days. However, only forms that are requesting a waiver of the associated taxes need to be routed to the Commissioner of Finance and Management. The updated form is now available.
- [Month-end Closing Instructions for the Expense Module](#) have been updated to include monitoring of open Cash Advances and tips for helping with month-end processing. The updated instructions are now available and are a great resource to help manage expense related transactions throughout the month.

By the time this newsletter is published we will have met with Expense Coordinators and surely we will have additional improvements to report based on their feedback.



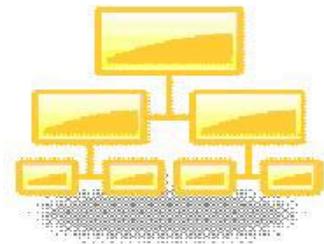
# Control Self-Assessment

The Department of Finance & Management (F&M) plans to distribute the 10<sup>th</sup> annual **Self-Assessment of Internal Control** questionnaire to departments in April. There will be significant revisions to the employee payroll & expenses section of the questionnaire pertaining to implementation (May 2013) of the new VTHR system, VISION Expense module, and revised Agency of Administration [Bulletin 3.4: Employee Travel & Expense Policy](#).

*Self-Assessment* aims to raise awareness of internal controls across State government and be a catalyst for strengthening the State's internal control system. The questionnaire provides departments with a tool to review and document current internal control practices, while helping management to identify potential areas of risk or non-compliance within their operations.

## VTHR Operations Division

A new VTHR division is being organized within the Agency of Administration that will report directly to the Secretary of Administration's Office. This new unit will be focused on managing the recently upgraded VTHR software application and the highly integrated up-front operational work that is required to hire, manage and pay our workforce. The Director of the VTHR Operations Division will be Angela Rouelle and will initially include the following units: Payroll, HRIS, Time and Labor, VTHR Security, and some VTHR Helpdesk personnel. Additionally, functional leads from the DHR Benefits and DHR Recruitment Units will join this new division as Configuration Analysts. Configuration Analysts will be responsible for the configuration and testing of their respective modules within the VTHR application, while working in a highly collaborative manner with the respective power users. This new structure will provide for a strengthening of our system and operational controls by providing a more cohesive approach to establishing VTHR best practices, operational guidance, system utilization and compliance with IRS regulations.



This new Division will be physically located at 120 State Street, Montpelier by the end of March 2014. Please continue to contact the VTHR Help Desk for assistance with operational questions or concerns.

## OMB Issues New Federal Grant Guidance

On December 26, 2013, the Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule*, called "Uniform Guidance" for short. This new guidance supersedes and consolidates seven existing circulars pertaining to states, non-profits, higher education, etc. and

has been a work in progress at the federal level for about two years. To quote the Uniform Guidance: “These modifications are a key component of a larger Federal effort to more effectively focus Federal resources on improving performance and outcomes while ensuring the financial integrity of taxpayer dollars...” This guidance is effective immediately for Federal agencies which have six months to revise their rules to conform to the Uniform Guidance. It becomes effective on December 26, 2014 for state and other non-Federal entities with the exception of the audit requirements which are effective for audits of fiscal years beginning after December 26, 2014. For the State of Vermont, the audit section is effective for the single audit of Fiscal Year 2016 and for subrecipients whose fiscal year ends on December 31, 2015 and later. Early adoption is expressly prohibited.

A few of the key changes in the Uniform Guidance: requires inclusion of performance goals and measures in grant agreements; raises the single audit threshold to \$750,000; requires pass-through entities to include indirect rates in agreements; and requires recipients to have internal controls and recommends that they comply with both COSO and the “Green Book”. As a result of this new guidance, and under the direction of Sue Zeller, Chief Performance Officer, Bulletin 5 will be revised and we are evaluating possible consolidation with Bulletin 5.5. We are also evaluating implementing a more directed grant procurement tie-in with Bulletin 3.5. We will be soliciting input from departments on this project beginning in late spring. A copy of the new guidance can be found on the Council on Financial Assistance Reform’s website at <https://cfo.gov/cofar/>.

## Staff Happenings



- **F&M** is currently recruiting for a **Statewide Financial Reporting Analyst II** – VTHR Job Opening #614409 – application deadline is 03/31/2014.
- The employees of the **Payroll and Time & Labor** sections have been transferred to the newly formed VTHR Operations Division under the direction of the Secretary’s Office of the Agency of Administration.
- **Rhonda Partlow** joined the Accounting section at the end of December as a VISION Financial Analyst II. Rhonda comes to F&M from the private sector and prior to that was business manager for seven years at the Department of State’s Attorneys & Sheriffs.
- **Megan Klinefelter** will join the VISION Finance Support Team on March 10<sup>th</sup> as a VISION Support Specialist II. Megan comes to F&M from the Dept. of Corrections’ business office and brings with her a wealth of VISION knowledge.
- **Shannon Aquino**, former Statewide Financial Reporting Analyst II, left F&M in January to take a Senior Auditor position in the State Auditor’s Office.

*Internal Control News* is published quarterly by the Dept. of Finance & Management.

Please contact [Kevin Gilman](#) with comments or suggestions.