

INTERNAL CONTROL NEWS

SEPTEMBER 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.

Revision to Bulletin 5



As mentioned in the March 2014 newsletter, Agency of Administration *Bulletin 5-Single Audit Policy for Subgrants* is being rewritten to incorporate changes in Federal regulations [re: *Uniform Guidance* - see next article] which will be effective December 26, 2014. We took this opportunity to also consolidate this bulletin with *Bulletin 5.5- Policy for Issuing and Monitoring Grants of State Funds* so that we will now have a single grants issuance policy called *Bulletin 5-Policy for Grant Issuance and Monitoring*. In addition to consolidating two existing bulletins, it also provides consistent guidance with *Bulletin 3.5-Contracting Procedures* for when to use a grant versus a contract; provides additional guidance and examples for Subrecipient/Contractor determination; requires granting agencies to conduct a pre-award eligibility and risk assessment for potential grantees; and requires the use of a new standard grant agreement document.

The draft “new” Bulletin 5 was released for a 30 day comment period on August 25, 2014 and will be effective on December 26, 2014 to be consistent with the effective date of the Uniform Guidance. Contact Karen Jaquish at karen.jaquish@state.vt.us for a copy of the draft bulletin or to submit questions or comments.

Uniform Guidance Training

On September 9, a training session was held in the Pavilion Auditorium on new Federal grant regulations, “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” (Uniform Guidance). This training was a joint effort of the Department of Finance & Management and the State Auditor’s Office, and was attended by more than 200 grants staff from across State government. Finance & Management has created a [Uniform Guidance informational page](#) on its website which includes links to official Federal websites as well as a copy of the slides used in the [September 9 presentation](#).

In Sight

The wheels are turning on upgrading the VISION system. For some people, the word upgrade is cringe worthy. We prefer upgrade to mean opportunity. Before the upgrade project begins, we will embark on a planning initiative to identify strategic areas for improvement. The State is currently reviewing vendor proposals for this effort and hopes to sign a contract for this planning initiative in the next couple of months.



The VISION pre-upgrade planning has two primary objectives (1) improving critical business tasks and (2) leveraging the features available in the most current software release. The approach will be to develop an extensive list of potential improvements and to target those most advantageous to us during the upgrade.

In addition to upgrading VISION, the State is also evaluating three business areas that integrate with VISION. The planning initiative will gather needs and wants for these three areas to help determine the degree to which an enterprise solution makes sense. These areas are eProcurement, Project Costing, and Project Management. Simply, eProcurement streamlines procurement of commodities and services for both buyers and vendors. Project Costing improves tracking of project effort and costs with integrated charge-backs and asset capitalization. Portfolio Project Management analyzes a set of projects by organizing available funds and strategic goals. Effective IT Project Management provides the common language for program managers, IT practitioners, and finance officers. Construction Project Management provides collaboration, coordination and a complete system of record management of project information.

What does this mean for you?

1. You will be asked for your input. Expect formal requests to start late 2014 or early 2015.
2. Your biggest operating challenges have a chance to change. Making this happen will take your participation.
3. You have the opportunity to review the risks facing your organization. Identify ways a system or process could address the risk.

A VISION upgrade is in sight, think opportunity.

Self-Assessment Update

A report on the statewide results from the *Self-Assessment of Internal Control* was issued on August 1st and individual performance metrics were emailed to departments on August 7th. For **Metric #3** (*policy & procedure compliance*), departments are expected to take corrective action

as soon as possible for any items of non-compliance (i.e., a “NO” response). If it’s not feasible to achieve compliance by October 31st, then the department’s appointing authority must submit a corrective action plan to the Commissioner of Finance & Management by December 1, 2014.

Validation reviews to substantiate the reliability of *self-assessment* responses are now underway and information requests have been sent to each of the five departments selected for this year’s review.

Staff Happenings



- Deputy Commissioner Sarah Clark will be leaving the Department of Finance & Management in January to take the position of Chief Financial Officer at the Agency of Human Services.

Internal Control News is published quarterly by the Dept. of Finance & Management.
Please contact [Kevin Gilman](#) with comments or suggestions.