



Winter 2023 - Internal Control News

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The purpose of this **DFM Internal Control Quarterly Newsletter** is to provide agencies and departments with articles on good business practices, fraud prevention, and internal control responsibilities. Through articles intended to promote educational and professional development opportunities for state employees, this newsletter seeks to raise awareness across state government on the importance of internal control. We hope that by providing you with this array of information, we can keep you informed of internal control related activities, and help your staff and division implement and maintain effective internal controls. <https://finance.vermont.gov> Volume 5, Issue 15

DFM Standard Internal Control - Helpful Web Hyperlinks:

Website Resources: <https://finance.vermont.gov/policies-and-procedures/internal-controls>

Standard Internal Control Manager's Guide: [Purpose of Guide \(vermont.gov\)](https://finance.vermont.gov/policies-and-procedures/internal-controls/Standard%20Internal%20Control%20Manager's%20Guide.pdf)

Quick Hyperlink Reference Guide: [Finance/files/documents/Pol_Proc/IC/Guidelines.pdf](https://finance.vermont.gov/files/documents/Pol_Proc/IC/Guidelines.pdf)

State Auditor's Fraud, Waste, and Abuse Hotline: 1-877-290-1400 or [Reporting Fraud, Waste or Abuse](https://finance.vermont.gov/policies-and-procedures/internal-controls/Reporting%20Fraud,%20Waste%20or%20Abuse.pdf)

DFM, IC Questions? Contact: fin.internalcontrol@vermont.gov

■ 2024 Delegation of Authority Form



It's time to submit your 2024 Delegation of Authority form. This annual update is required from every department, even if there has been no change in the Appointing Authority or their designee (s). The 2024 [Delegation of Authority](#) form must be submitted by **January 15, 2024**. Completed forms can be sent to VISION Security at FIN.VisionSecurity@vermont.gov

Please note that even though many employees are working from home, [Addendum 3.3](#) requires that Delegation of Authority forms include **actual signatures with control dates** or an alternative method of signing such as [DocuSign](#) (via an ADS Help Ticket) which will electronically produce **facsimile signatures with control dates**. [Bulletin 3.3, Delegation of Authority](#) and Addendum 3.3 includes information on who may be designated as delegates. Please contact the VISION Support team with questions. The DocuSign website is located here <https://account.docusign.com>.

■ **Effective December 7, 2023** - Updates to Bulletin 3.5 Procurement and Contracting Procedures and Attachment C - Standard State Provisions for Contracts and Grants



Please be advised that the Agency of Administration Bulletin 3.5, Procurement and Contracting Procedures, and Attachment C - Standard State Provisions for Contracts and Grants, have been updated. A [memo](#) from the Deputy Secretary of Administration regarding these update, as well as all updated forms, may be found on our website at <https://aoa.vermont.gov/bulletins/3point5>. Should you have any questions, please reach out to the Office of Purchasing and Contracting at SOV.OPC@vermont.gov.

■ **Self-Assessment of Internal Control (SAIC)**

2023 Data Validation Review (DVR) Audit Results

Department of Finance & Management

- ✓ **Background** - Annually, the Department of Finance & Management (DFM) administers the Self-Assessment of Internal Control (SAIC) questionnaire to all agencies that utilize the State of



Vermont's financial management system (VISION). In completing the SAIC questionnaire, agencies are expected to review their operations to assess whether they have relevant controls in place, are complying with applicable policies & procedures and following recommended best IC & general business practices. Self-Assessment is a management tool designed to raise control awareness, clarify expectations, identify risks and ultimately incentivize agencies to strengthen their internal controls. The self-assessment cycle is comprised of two primary steps: **(Phase I)** Questionnaires are completed by department staff and certified by their top appointing authority, DFM compiles and analyzes the submissions, issuing

performance metrics to each agency and **(Phase II)** DFM performs a data validation review (DVR) of responses from five randomly selected participants.

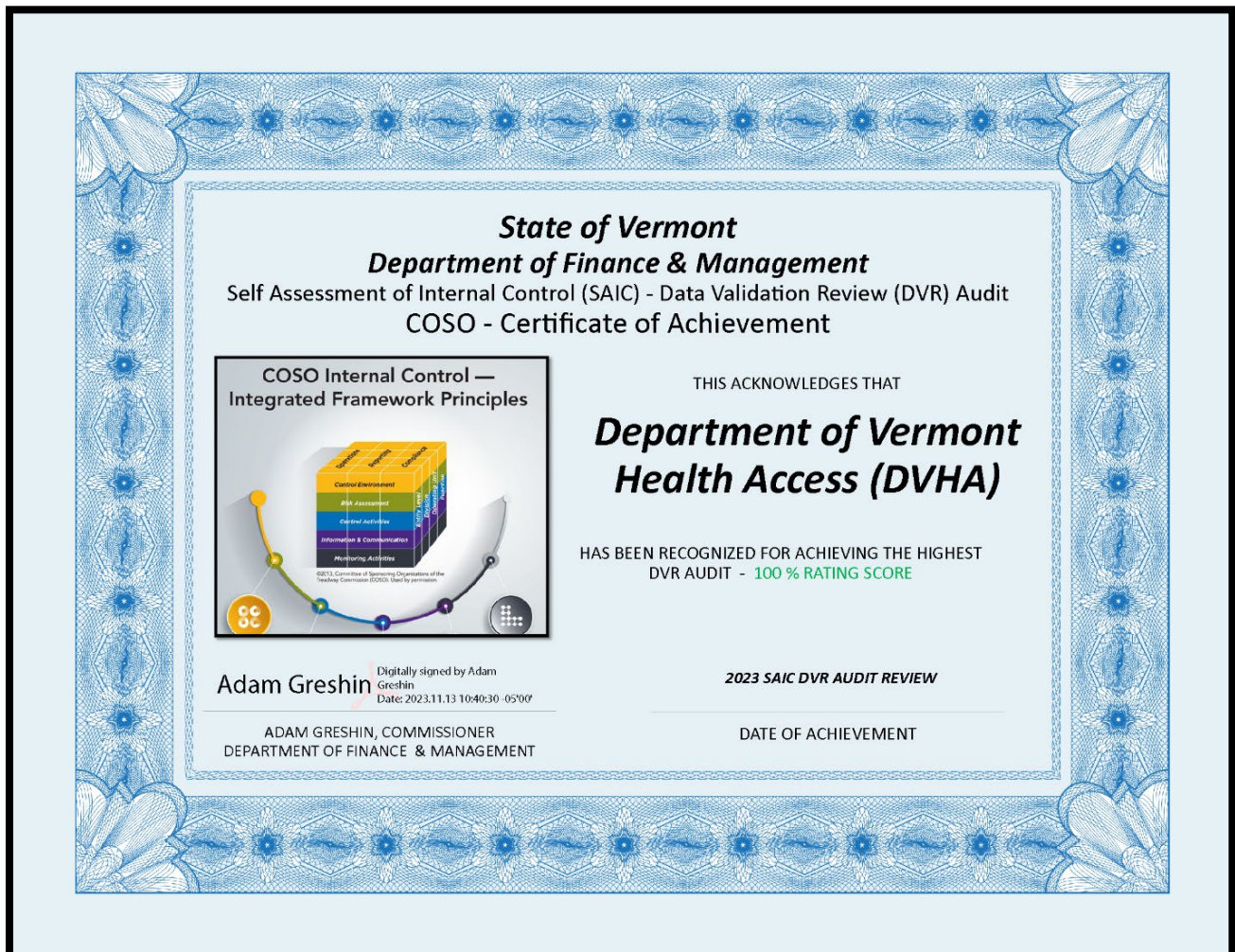
- ✓ **Data Validation Review Objectives** - Provide DFM with reasonable assurance that the statewide self-assessment results are reliable while serving as an incentive for agencies to complete their questionnaires accurately and diligently. Provide agency management with an independent evaluation of the effectiveness of its internal controls.
- ✓ **Scope & Methodology** - Five agencies are randomly selected (past 3-year audited agencies are excluded from selection). Ten questions from the Self-Assessment with only questions answered as YES are selected for testing and questions tested were not fully identical across all five agencies or departments. Testing included transaction sampling, written policies & procedures, narrative explanations, other supporting evidence, and support documentation.

- ✓ **Notable 2023 Audit Findings** - The following were the most notable findings; **1. Bank Reconciliation** was performed on Bank records, but it was noted that the Reconciliation was not physically or electronically "Signed-off and Dated" by both the "Preparer" and the "Approver". No VISION record balance was verified against the Bank Balance. The bank / VISION reconciliation process should be performed monthly. **2. State (Internal) Organizational Chart** failed to meet the minimum field requirements to audit the internal control records with the VTHR System. Paygrades, Exempts, Names, Positions, etc. should all be documented on the Chart. **3. The Employee Separation Process** was answered as "Yes" but no submission was presented for an audit review and / or there was no "Control Date" presented on the separation list to verify a form creation date was stamped on the departure document.

Congratulations - The Department of Vermont Health Access (DVHA) - **Top Scoring Certificate**. DVHA scored a 100 % rating on their SAIC DVR Audit Review. This is a great honor to achieve, and it demonstrates the commitment to a solid internal control system from the Top Appointing Authority to Senior Management as well as all staff members dedicated to servicing their Agency, the State of Vermont and its Stakeholders.

I'm always happy to sign these **Certificate of Achievement Awards**! Thanks to everyone at DVHA who helped achieve this outstanding score.

- **Adam Greshin, Commissioner of Finance & Management**



DFM Staff Happenings *No Staffing News to Report*

