State of Vermont
Department of Finance and Management

Business Process:	State Organizational Charting	Issue Date: Number:	September 2020 BPS - 14
Topic:	Internal Control - Best Practices	Revision Date:	N/A
Applicable To:	All State Agencies, Departments, and Offices	Page:	1 of 4

Objective

To provide a ***uniformed and consistent structure*** for agencies and departments when creating organizational charts for use with either (or both) ***internal and external*** stakeholders.

For Internal (SAIC Recommended) purposes, there needs to be uniformity and consistency when sources such as senior executive management, an internal control review, or other internal stakeholders that need to verify basic structure variables such as budgeted positions IDs, budget counts, who is occupying a position, and what is the stated pay grade of position.

For External (Optional) purposes, sources such as external auditors, the general public, etc. there needs to be an avenue to view similar information, and at the same time, keep staffing information such as occupied names sensitive and or confidential when necessary or required by an agency.

At times it becomes necessary to separate internal and external organizational charting. When separate layouts are required for internal and external, the agency should supply the forum for both versions. This reporting concept is introduced in this ***Best Practice Series*** as internal (SAIC Recommended) and external (Optional) hierarchy structure layouts. One of the critical questions asked in the annual SAIC Questionnaire Survey reporting is:

Q: Does the department have a detailed and up-to-date Agency Organizational Chart?

Risks

There are many risks associated with not maintaining an up to date Agency Organizational Chart that is verified as accurate and consistent with State reporting standards.

- Undocumented or unauthorized personnel status within the State's internal control system (e.g. incorrect maintenance of hired, transferred, demoted, departed, or terminated positions).
- Lack of consistency across government or lack of verifiable data by internal sources.
- Disclosure of confidential and or sensitive information about staffing personnel by external sources.

Organizational Chart Components

- Title of the Organization should be added along with the latest revision date.
- Legend of the segregation of department(s) if necessary.

- Any footnotes that would assist the reader with any special component of the Organization.

Internal Chart	Position Title	Position 6 Num ID	Occupant Name	Paygrade EX # / PG #
External Chart	Position Title *Optional*	Position 6 Num ID *Optional*	Occupant Name *Optional*	Paygrade EX # / PG # *Optional*

These are the minimum recommended variables for the ***Internal Chart*** requirements.

Note: The Internal Chart becomes effective and recommended for the 2021 and beyond SAIC DVR (Data Validation Review) Audit Request.

Best Practices Include

- Utilize a ***Model Organizational Chart*** to ensure a consistent, thorough, and document each level of the agency.

- Tailor the organizational chart layout to reflect each agency's operating environment yet maintain a consistent fixed component across the layout such as Position ID, Occupant Name, etc. for internal reporting and verification.

  [Documentation]

- Inform executive management (e.g. secretary, commissioner, or their deputies, etc.) how their agency is structurally operating and if needed, take appropriate actions to resolve any conflicts or discrepancies.

  [Compliance]

- The internal organizational chart should be used as a tool to review and approve the current organizational structure of the personnel. It should be reviewed by delegated authority for accuracy, and if needed, inconstancies or abnormal layouts should be investigated, and actions taken to correct the hierarchy chart.
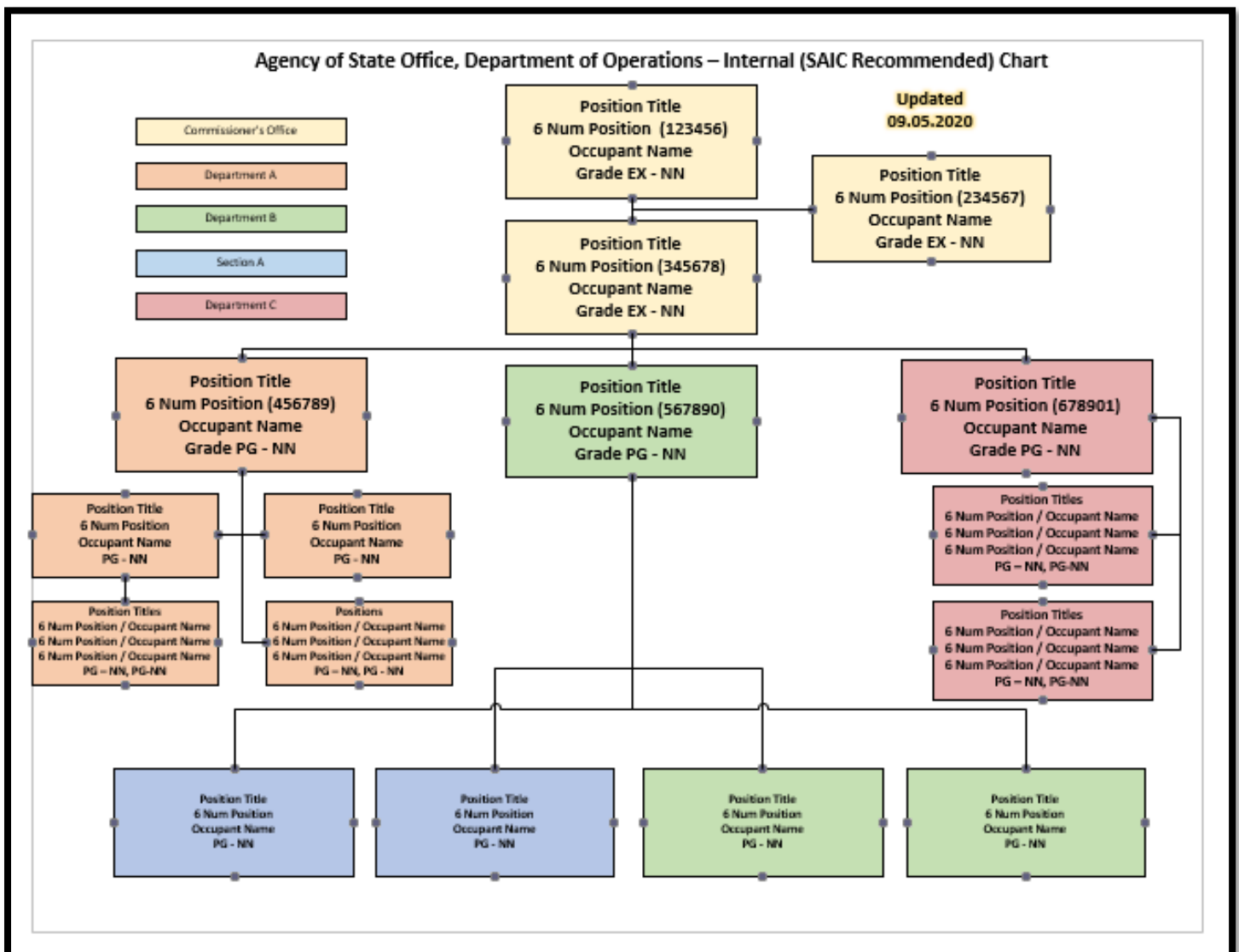
  [Approval]

Notices

- These best practices are intended to support the internal control framework as presented in the ***Internal Control Standards: A Guide for Managers 2.0***.

- In consideration of these best practices, the objective should be on adherence and not on rationalizing ways and means for circumvention.

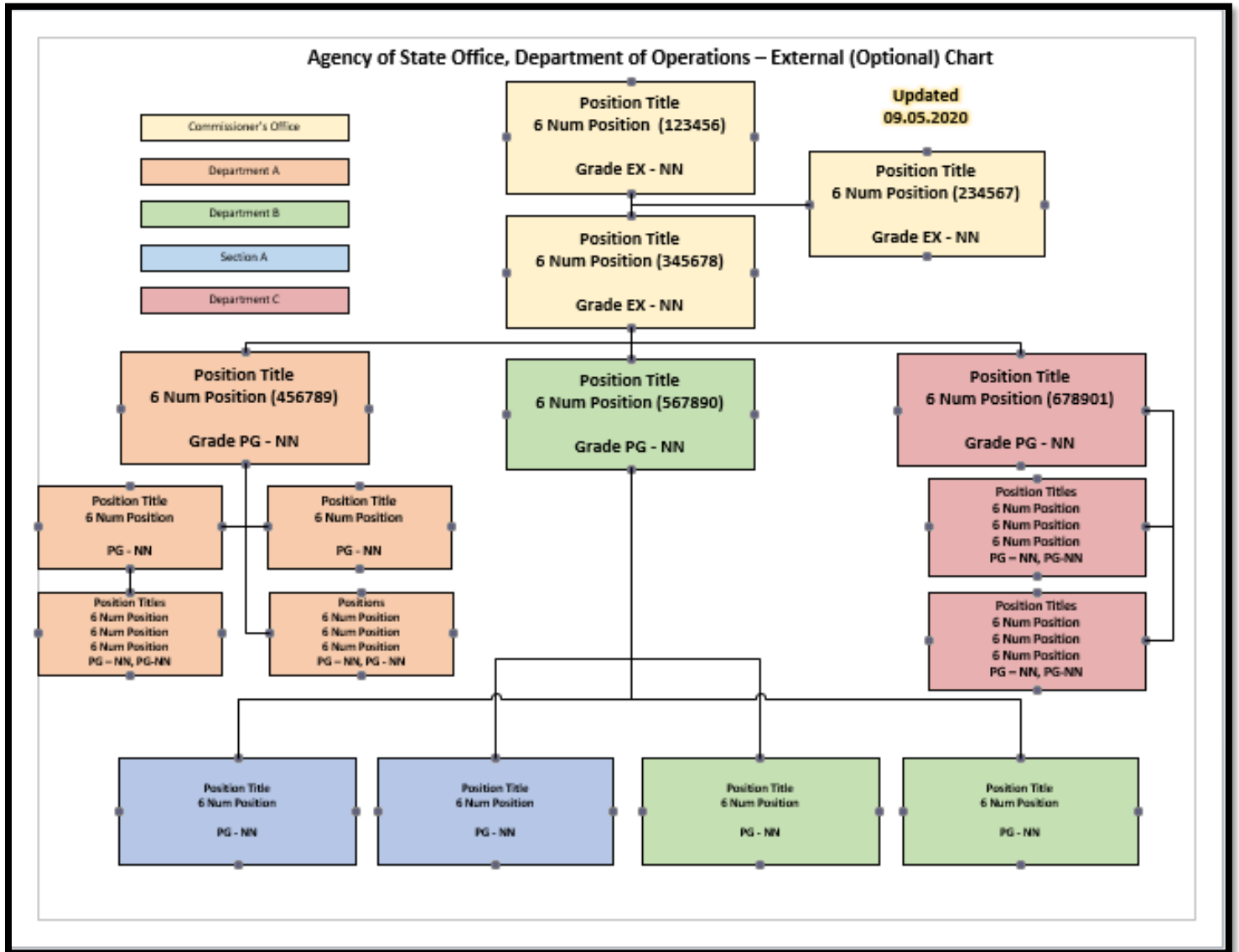- Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations.

Examples of Internal (SAIC) and External (Optional) Hierarchy Chart

- *Internal (SAIC Recommended) Hierarchy Chart:*

Agency of State Office, Department of Operations – Internal (SAIC Recommended) Chart

- *External (Optional) Hierarchy Chart:*

Agency of State Office, Department of Operations – External (Optional) Chart

Please contact the Department of Finance & Management (DFM) – Internal Control, if there are any questions about this Best Practice Series. Visit our website at:

https://finance.vermont.gov/policies-and-procedures/internal-controls