

INTERNAL CONTROL NEWS

DECEMBER 2015

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.

Delegation of Authority



This is a reminder that all departments must submit the form “*Delegation of Authority for Signature Authorization*” to the Dept. of Finance & Management by **no later than January 15, 2016**. This new form was implemented in April 2015 by the Secretary of Administration as an addendum to [Bulletin 3.3: Delegation of Authority for Signing Documents](#). The form must be submitted annually by January 15th and whenever there is a change in the Appointing Authority or their designee(s).

The purpose of the *bulletin* is to “provide procedures concerning the delegation of authority for signing documents to assure that the accountable official maintains personal knowledge of and involvement in important or sensitive issues”. The purpose of the *form* is to ensure the Agency of Administration and Departments of Finance & Management and Human Resources have on record the names and exemplar signatures of all Appointing Authorities and their exempt designees (if applicable).

The form (with instructions) and addendum can be found on the F&M website under VISION Security Forms at: <http://finance.vermont.gov/forms#VISION>.

Gift Cards

Can my department purchase and award gift cards to employees as part of our employee recognition and merit program?

No. In July 2014, the Secretary of Administration issued a memo to all departments banning this practice. Under IRS regulations, these instruments (i.e., gift cards, gift certificates,



prepaid credit cards, etc.) are considered *cash equivalents* and must be treated and reported as taxable income to the employee and the State; there is no de minimis amount for cash equivalents. As currently the State does not have the processes in place to ensure IRS compliance (and pending further policy analysis), the Secretary of Administration has suspended the use of gift cards, etc. for employee recognition until further notice.

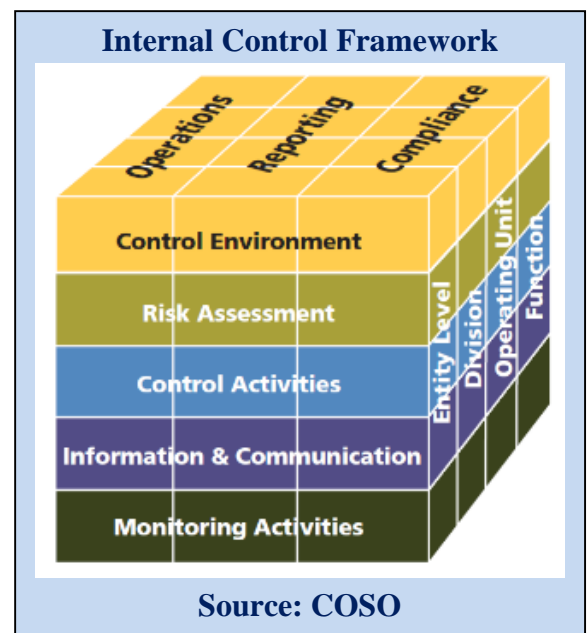
This *restriction* does not impact other forms of employee recognition identified under Dept. of Human Resources' [Policy 7.1: Employee Recognition and Merit Bonus Awards](#).

Internal Controls and OMB's Uniform Guidance

It is a fundamental responsibility of management in each department to establish and maintain effective internal controls over their entire organization. The federal Office of Management & Budget's **Uniform Guidance** further prescribes that an organization's internal controls must provide reasonable assurance that **federal awards** are being managed in compliance with Federal statutes, regulations and the terms and conditions of the federal award. The Uniform Guidance also recommends that internal controls be in compliance with guidance in "Standards for Internal Control in the Federal Government" (Green Book*) and the "Internal Control Integrated Framework" **.

* Issued by the Comptroller General of the United States

** Issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)



To support departments with their internal control efforts and in complying with the Uniform Guidance (as applicable), the Agency of Administration and Department of Finance & Management provide the following tools:

- [Uniform Guidance](#) – the federal regulation, crosswalks, FAQ's and training material;
- [Bulletin 5: Policy for Grant Issuance and Monitoring](#) – policy level guidance and tools specifically intended to help departments comply with the Uniform Guidance;

- **[Internal Control Standards: A Guide for Managers](#)** – issued in 2006 by the Secretary of Administration to provide all departments with an overall framework for establishing and maintaining internal controls (based on the COSO *Internal Control - Integrated Framework*);
- **[Internal Control Best Practices](#)** - a series of practical guidance (in support of the above *Standards* guide) to help departments improve fiscal management, accountability, and safeguarding of the State’s assets;
- **[Self-Assessment of Internal Control](#)** – an annual questionnaire for department management to review and document their current internal control practices, while helping to identify potential areas of risk or non-compliance.

Agencies and departments are encouraged to use these tools to develop and maintain their own internal controls and to comply with the requirements of the Uniform Guidance.

Staff Happenings



- **Tori Pesek**, former Change Management Director, resigned from State service on November 6th to accept a position in Boston.

Internal Control News is published quarterly by the Dept. of Finance & Management. Please contact [Kevin Gilman](#) with comments or suggestions. For past issues please visit: http://finance.vermont.gov/reports_and_publications/newsletters