

INTERNAL CONTROL NEWS

MARCH 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.

Self-Assessment Reminder

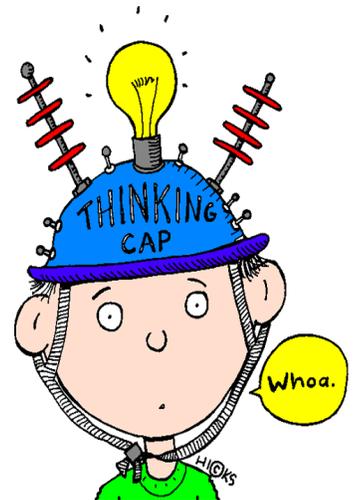


The Department of Finance & Management (F&M) plans to distribute the 11th annual **Self-Assessment of Internal Control** questionnaire to departments in mid-April. As in past years, departments will have at least 3 weeks to complete and certify the questionnaire. Notable changes include revisions to the Federal and State Grants sections resulting from the revised [December 2014] Agency of Administration [Bulletin 5: Policy for Grant Issuance and Monitoring](#).

The *Self-Assessment* process 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.

Discovering Opportunity

The September issue of this newsletter introduced a planning initiative for the VISION upgrade and evaluation of three integrated business areas. Before embarking on making any changes, we are learning about the needs of the diverse operating entities and organizations throughout the State. This information will be the basis for making decisions about how to proceed with the upgrade, project costing, project management, and e-procurement. This initiative, [ERP Expansion Project Requirements Gathering](#), has been in full swing since the late January kick-off.



We'll soon see preliminary drafts of as-is process maps and the hundreds of requirements for the specific areas. Now, at the mid-point of this project, patterns are becoming more obvious.

Universally, everyone we've spoken with wants to simplify sign-on. We rely on many applications, most have user IDs and passwords which are unique. Wouldn't it be nice if we only had one login? Another common theme is attaching substantiation to a transaction. Using expense reports as an example, wouldn't it be nice to attach a PDF of receipts to the on-line expense report instead of routing them separately? Some patterns are more challenging. We've spoken with 13 groups to understand the steps taken to execute a contract. There are at least 13 different processes. What's the best way to achieve consistency, predictability, and transparency?

Upgrade means opportunity, and as we suspected there are many. The ones listed above are a small sample. Our challenge will be deciding which opportunities receive the attention they deserve.

In the coming weeks team members will be organizing "round 2" discovery sessions. The focus of these sessions will be to verify and complete the draft process maps and list of requirements. Also, before this project is wrapped-up, we will share the results of the organizational change readiness assessment. Data for the assessment was collected a few different ways; the largest data set is from the survey where 24% of the total employee population responded. We are appreciative and impressed with this response rate and are busy diving into data.

If you are interested in finding out more about the Requirements Gathering, please visit the project [website](#) or direct questions to [Tori Pesek](#) or [Brad Ferland](#) in the Department of Finance & Management.

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Reduced Mileage Rate Update

Employees have claimed reimbursement for more than **123,000 miles** under the **reduced mileage rate** in the first six months since its July 1, 2014 implementation. Reduced-rate claims have been filed in 42 (of 58) departments and represent 3% of all reimbursed mileage during this period. However, the concentration of claims is primarily in 9 departments that in total account for nearly 80% of all reduced-rate miles.



Negotiated between the administration and respective bargaining units, the **reduced-rate** is to be used (*instead of the full-rate*) by employees who choose to use their privately-owned vehicle (POV) for official business travel **when** a State vehicle is reasonably available and more cost-effective than a POV. In addition to direct cost savings from use of the lower rate, other objectives were to incent greater utilization of State vehicles (i.e., department, fleet or rental

vehicle) and increased use of technology (e.g., web & audio conferencing) in lieu of travel. Comparison of other related data from July–December 2014 to the same 6-month period in 2013 shows promising trends for two key indicators (*correlation does not necessarily imply causation*):

- 49% increase in motor pool rental days by BGS-Fleet Management Services;
- 19% decrease in total statewide POV mileage reimbursements.

The Commissioner of Finance & Management urges all department heads, supervisors and expense coordinators to continue their efforts to promote awareness of the *full* and *reduced* mileage rates to ensure employee mileage reimbursement claims are accurate and justified. As this six-month analysis suggests there remains additional opportunities for savings, the Agency of Administration (AOA) will continue to monitor departments' POV mileage reimbursements and may enact more protracted measures, as warranted. AOA-[Bulletin 3.4: Employee Travel & Expense Policy](#) and BGS-[Fleet Management Services](#) provide guidance and tools to help employees determine whether use of a State vehicle or POV is more cost-effective.

Staff Happenings



- **Brad Ferland**, former F&M Director of Financial Operations, has been appointed Deputy Commissioner of the Department of Finance & Management.

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