

# **INTERNAL CONTROL NEWS**

## **SEPTEMBER 2016**

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.

## **New F&M**



## **Coming in Early 2017!**

The Department of Finance & Management (F&M) is excited to share that a project team has been diligently working on creating a new F&M website! The site's homepage will feature a bright color palette and a new, streamlined design to make the navigation experience more user-friendly. The team did a lot of research on where our users were looking and we listened! The site will have a more "audience-based" look and feel, which we think will help people find the information they are looking for in a timelier manner. Additionally, our VISION and VANTAGE logos were overhauled by our talented marketing office and we think you will see the "vision" we were going for!

Stay tuned for future updates as the launch of our new website draws near!

## **Single Audit Findings**



Programs with "[Single Audit](#)" findings considered to be a material weakness result in a mandatory re-audit of the program the following year at a cost of \$37,100 per program (increasing about 2% each year.) Although approximately half of the 2014 audit findings did not repeat in 2015, twenty-five findings did repeat and **fourteen programs must be re-audited in the 2016 audit for a total cost of over \$500,000.**

At their July 2016 meeting, the Legislature's Joint Fiscal Committee (JFC) heard testimony from KPMG and the Department of Finance & Management on the 2015 Single Audit report. One outcome of this meeting was creation of a subcommittee by the JFC to further review the single audit process and require ongoing status updates to prior year findings.

In 2015, the Department of Finance & Management (F&M) established goals to:

- 1) Reduce repeat audit findings;
- 2) Ensure appointing authorities (i.e., agency/department heads) are aware of findings occurring in their programs;
- 3) Continue to improve the quality and effectiveness of management responses to audit findings.

To help achieve these goals F&M implemented changes during the 2015 audit in the flow of findings & responses between F&M and departments. F&M is further refining this process for the 2016 audit, including the recently issued [F&M Policy #9: Single Audit Finding Responses](#).

Appointing authorities and business managers play a key role in achieving the above goals, and F&M greatly appreciates the cooperation of departments in supporting positive plans to resolve findings and in adhering to the timelines and procedures outlined in *F&M Policy #9*. When appointing authorities submit their management responses to F&M, they are indicating that they **are fully aware of the issues contained in the findings** and that they also **fully support the resources and other actions needed to resolve them**. Without this support, it will be very difficult to resolve outstanding issues. F&M's review and approval of management responses is with the intent of ensuring the responses provide a positive plan for resolution of the root cause and prevent additional repeat audit findings.

Karen Jaquish, Statewide Grants Administrator, is the point person at F&M for the Single Audit. Please contact her at (802) 828-3201 or [karen.jaquish@vermont.gov](mailto:karen.jaquish@vermont.gov) if you have any questions.

## VISION FAQ



**What are the different roles and responsibilities in VISION when it comes to processing employee expense reports?**

Within VISION, there are three\* *main* roles and responsibilities in submitting and approving an **expense report**. The first is for the **employee** who incurred the reimbursable business expense(s) to timely & accurately enter and submit their expense report. Next the employee's **supervisor**, with knowledge of the employee's day-to-day work activities and responsibilities, must review and approve (or reject) the expense report. Lastly, the department's **expense coordinator** ("pre-pay auditor") conducts the final review and approval of the expense report and supporting documentation to ensure its accuracy & completeness, compliance with [AOA Bulletin 3.4: Employee Travel & Expense Policy](#) and conformance with VISION requirements.

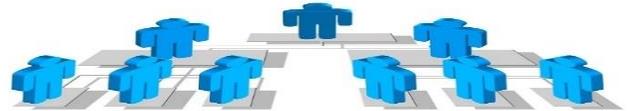
**For proper segregation of duties, these three roles and responsibilities must be fulfilled by different people to minimize the risk of undetected errors, policy violations and fraud, waste or abuse.**

\* There is a fourth responsibility that should only be used in *limited circumstances*, which is an **expense delegate**. Delegates can **enter** an expense report but must not submit the report on behalf of the employee.

→ For more information on the roles and responsibilities, please review AOA Bulletin 3.4 (pages 16 – 18): <http://aoa.vermont.gov/bulletins>

→ For VISION guidance on expense report processing please refer to: [http://finance.vermont.gov/training\\_ref/VISION\\_Manuals#T&E](http://finance.vermont.gov/training_ref/VISION_Manuals#T&E)

## F&M Happenings



- The Customer Service & Change Management Division is actively recruiting for a **VISION Support Specialist II**; the job posting can be viewed in [VTJR](#) (Job ID 619945) and has an application deadline of 09/25/2016.
- **Terri Blaisdell**, former *VISION Support Specialist II*, transferred to the Agency of Human Services – Department of Vermont Health Access (DVHA) as a Financial Manager. Her last day with the Department of Finance & Management was August 5<sup>th</sup>.
- **Bill Hall**, former *interim Director of Statewide Reporting*, left State service effective August 1<sup>st</sup>.
- Recent F&M policy & procedure updates include:
  - [F&M Policy #9: Single Audit Finding Responses](#) – formalizes process between departments and F&M for responding to single audit findings (*see above article*);
  - [VISION Procedure #3: Purchase Orders, Contracts & BDAs](#) and [VISION Job Aid: General Procurement Information](#) – VISION related updates pertaining to the revised AOA Bulletin 3.5: [Procurement & Contracting Procedures](#);
  - [Operational Guidance #4: Prior Year Payables](#) – practical guidance and examples to assist departments with accurately recording prior year payables in VISION;
  - [VISION Job Aid: Statewide IT Accounts for VISION and Vantage](#) – chart of account updates for procurement of IT goods & services.

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