

For Immediate Release
April 19, 2007

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**State Auditor Tom Salmon reviews “first 100 days”;
Cites new attention on local training issues and reducing costly
repeat State audit findings**

MONTPELIER – State Auditor Tom Salmon, CPA, today issued a “report to citizens” after his first 100 days in office, citing his continued commitment to help improve financial training and communication in Vermont’s cities and towns. He also said a key priority is monitoring State government’s resolution of internal control weaknesses and questioned costs uncovered during federal program compliance audits. Failure to resolve these significant findings requires additional audits be conducted which otherwise would not have been required, resulting in increased cost to the State.

Salmon, who took office in January, is the first certified public accountant (CPA) to hold the State Auditor position since Jay Gordon of Montpelier, who served from 1965 to 1969. Each day when Salmon arises at 4:45 am, he begins thinking of ways to increase financial communication across the state.

Auditor Salmon is supporting a new Municipal Advisory Commission, led by five leading local Town Treasurers or finance Directors. It is a prime example, Salmon said, of his intent to work with cities and towns to improve their financial skills and accountability. “These are not ordinary financial times for cities and towns,” Salmon declared. “The need is urgent for members of the municipal, school and state financial communities to foster better accounting and reporting practices.” The Commission is planning training sessions for late summer, and will survey local finance officials to help determine future training goals.

Salmon notes that the growing size and complexity of State finances and auditing issues requires constant attention. “Expenses for Vermont’s primary government activities – including education, transportation, human services, public safety, and other basic services – totaled \$4 billion in the fiscal year that ended June 30, 2006, and were incurred by over 60 agencies and departments,” Salmon noted. “Included in that figure is approximately \$1.2 billion in federal funds that come to or through State government,” he said.

“Our chief assignment is a large and vital one: to assure Vermonters that the State’s financial position is accurately represented, that accounting procedures and controls are functioning well, and that the State agencies and departments handling federal funds are complying with often complex federal regulations,” Salmon said.

Salmon said one of the glaring inefficiencies to catch his eye to date is the number and cost of repeat audits of certain programs that receive federal funds. The federal Office of Management and Budget (OMB) Circular A-133 federal program compliance guidelines mandate that large programs which have significant, uncorrected audit findings related to federal funds must be audited more frequently due to increased risk. These mandated follow-up or “repeat” audits are expected to cost approximately \$750,000 during the coming year.

“If we can fix the problems causing these audit findings year after year, the State can save a lot of money,” Salmon noted. The Auditor noted that he has assigned a staff person to work specifically with State agencies and departments to help review the chronic problems that trigger repeat audits. “Many of these repeat audits are caused by problems shared by numerous state agencies,” Salmon said, “so if we can increase communication among agencies and departments, set timetables for improvements, and monitor the plans for correcting the problems, the State will reduce the number of repeat audits.” This both saves the State thousands of dollars on audit costs and improves the oversight of federal and State funds, he noted.

Salmon said his Office has numerous responsibilities in State law to review financial statements and controls at Vermont’s 14 county sheriff offices. “I’ve seen great progress already in how the sheriffs’ departments are embracing the need for a higher standard of accountability and fiscal expertise,” Salmon said. His staff is working with a committee of Sheriffs and the Department of Finance and Management to revise the statewide Sheriffs’ Uniform Accounting Manual, and to adopt a common financial software package for the departments. “Progress is good, and the Sheriffs appreciate the guidance,” the Auditor noted.

Salmon also noted that:

- the Auditor’s Office will be assisting with the Attorney General’s investigation of the apparent abuse of public funds in the town of Isle LaMotte;
- the annual federal “Single Audit” that evaluates the State’s compliance with federal guidelines was recently completed and posted on the Auditor’s web site: www.auditor.vermont.gov;
- the State Auditor’s Office received an unqualified opinion regarding its quality control systems from the National State Auditors Association in February;

- reports on the Brattleboro Multi-Modal Project, and Vermont Medicaid, are undergoing final internal review and agency comment before publication;
- the Office is in the process of updating its Professional Standards Manual to better address higher government auditing standards and new security and professional training mandates;
- the Office is working with several towns and village police departments to help straighten out the amount of traffic ticket payments sent by the State to the wrong entity;
- the Auditor's staff continues to address a range of questions and concerns from the public, State legislators, and State employees regarding public spending and accounting practices.

“From Main Street to State Street to School Street there are important financial issues to address and ways we can all improve,” said Salmon. “I’m confident that we’ve made good progress in my first 100 days here to focus on priorities that will pay off for taxpayers seeking cost-effective government at all levels.”

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