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OFFICE OF THE STATE AUDITOR**

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The untold story of how Vermont's annual audit survived Irene

MONTPELIER – It wasn't as dramatic or as obvious as the road repairs and rescue work in Vermont's Irene recovery. But still very important was the effort put forth by many state and contracted employees to complete and print the work product known as the Comprehensive Annual Financial Report for Fiscal Year 2011.

KPMG, an independent contractor, and employees from the State Auditor's Office worked through the financial statements in the report under highly stressful and difficult circumstances.

State Auditor Tom Salmon said that most years completing the audit of the CAFR by the December 31 deadline isn't front page news.

"It is, however, very important news as it affects the state's bond rating and overall stability," he said, "but 2011 was no ordinary year and because of the circumstances, this was no ordinary audit."

Prior to the arrival of Irene on August 28, an audit team from the state and KPMG had been working on the accounts at the Agency of Natural Resources in a small room in the basement of the Waterbury complex. When the building flooded that weekend, documents essential to the audit were submerged in dirty water and mud.

"This made everything extremely difficult for an audit of this magnitude," Salmon said. "Many of the documents were completely unusable. We needed to preserve them so they had to be handled with great care in that heavy, wet condition."

Many documents damaged by the flood waters were transported to Massachusetts to undergo special drying processes known as freeze-drying.

One audit team was moved from the Waterbury Complex to the National Life Building and the Agency of Transportation. Another audit team that had been working in a basement room of the state office building at 133 State Street in Montpelier needed to move as well. As hundreds of state workers were being relocated after the flood, that audit team soon was moved to the already cramped State Auditor's Office across the street.

The delays caused by the flood, the moves and the recovery process for some documents presented significant obstacles for the auditors who were working on a deadline.

Audits of this magnitude are complicated enough in a typical year. Still, the highly stressful working conditions of many state employees did not distract them from their responsibilities. Employees from the Department of Finance and Management and other state agencies were able to locate and supply the auditors with the appropriate documents needed to complete the CAFR in a timely fashion.

“They did yeoman’s work to get this job done,” Salmon said. “There was some great teamwork among the people at Finance and Management, the State Auditor’s Office and KPMG.”

“Not only did KPMG’s Jennifer Renaud from Barre and Heather Kuney from Elmore along with state employees like Nancy Collins do the hard work necessary to complete and print the audit on time under extremely difficult circumstances,” Salmon said, “but this report continues to earn the prestigious Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the U.S. and Canada. The entire state should be very proud of their accomplishment.”