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Vermont State Auditor's Office

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January 2013

Summary of Performance Audit  
Recommendations and Corrective  
Actions

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# Overview

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The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities two and four years after the calendar year in which the audit report is issued (e.g., we followed up on recommendations contained in audit reports issued in calendar year 2008 in 2010 and 2012). Our annual performance reports summarize whether we are meeting our recommendation implementation targets ([http://auditor.vermont.gov/about\\_us](http://auditor.vermont.gov/about_us)).

Act 155 (2012) required that we post on our website “a summary of significant recommendations arising out of the audits that are contained in audit reports ... issued since January 1, 2012, and the dates on which corrective actions were taken related to these recommendations. Recommendation follow-up shall be conducted at least biennially and for at least four years from the date of the audit report.”

This report addresses the requirements of Act 155 to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state’s financial statement audit and the federally-mandated Single Audit, which are performed by a contractor. However, our new contract for this work requires the contractor to provide the results of its recommendation follow-up in the future. Accordingly, we expect that future reports will contain this data.

This report is organized to reflect the status of the recommendation follow-up work. The first section reflects the results of those audit reports that were issued more than 4 years ago. In these cases, our recommendation follow-up work is completed. The second section includes those reports that were issued 2-4 years ago. As a result, the follow-up work covers the 2-year period after the year of issuance and additional follow-up work to cover the 4-year period is up-coming. The final section contains those reports that have been issued within the past 2 years so no recommendation follow-up work has been undertaken.

# Reports Dated 2006-2008

(Recommendation Follow-up Completed)

Audit Number 06-1

Audit Name Department of Public Safety Grants Management: Review of Awards to Three Sub-Grantees

Report Date 2/22/2006

Recommendation Number: 1

Recommendation: The Department of Public Safety (DPS) should expeditiously seek the following reimbursements from the three local governments: Village of Johnson \$7,508; Town of Norwich \$19,650; and the Rutland County Clerks Collaborative (RCCC) \$3,818.

Follow-up Date 12/31/2010

Status Partially Implemented

Implementation Date 12/31/2010

Review Comments In the case of the Village of Johnson, DPS provided an assessment demonstrating the allowability of the Village's grant usage. Regarding the Town of Norwich, the Town attempted to use a generator appraised at \$17,500 to qualify for its portion of grant match. The town stated it was donated during the grant year, but it was actually donated 5 yrs earlier by DOD. SAO believes the improper match invalidates the entire grant and all \$19,650 in payments made to town should be reimbursed to DPS. DPS elected not to void the grant but allowed \$16,131 of additional expenses to qualify for match. The unmatched portion of \$3,519 was repaid to DPS. Lastly, the RCCC reimbursed DPS for identified unallowable purchases.

Recommendation Number: 2

Recommendation: The Department of Public Safety (DPS) should evaluate its policies, procedures and controls over the monitoring of sub-recipients. Particular focus should be placed on the federal, state and DPS rules concerning the appropriate use of matching contributions. The guidance contained in state-wide Bulletin 5, Single Audit Policy for Subgrants, as well as DPS-specific policies and procedures, should be fully understood by DPS personnel involved in all phases of the grants management process from pre-award through closeout. Procedures should be in place to ensure that strict adherence to these policies is maintained.

Follow-up Date 12/31/2010

Status

Implementation Date 11/3/2010

Review Comments DPS revisited its policies and procedures over sub-recipient monitoring and several publications were updated. For example, the Sub recipient Site Monitoring Guide and Administrative Procedures Compliance Review manual was updated on 4/6/06. This manual appears fairly comprehensive and considers some of the key aspects of monitoring of sub grants including establishing a monitoring plan for sub recipients, assigning pass-through entities and recording grant awards in VISION. This manual contains a separate section on rules associated with the appropriate use of matching contributions. DPS has also established a risk management committee that meets quarterly to evaluate the departments controls. In addition, a memo was sent from the grant manager of the DPS Homeland Security Unit (HSU) dated 11/3/10 to the accounting department to update them on the HSU grant management processes. Also, Programmatic Monitoring Guidelines and Grants Management Policies and Procedure were established.

Recommendation Number: 3

Recommendation: The Department of Public Safety (DPS) should establish an audit tracking mechanism.

Follow-up Date 12/31/2010

Status

Implementation Date 8/31/2007

Review Comments DPS issued monitoring bulletin 01 on 8/31/07, which mandates that program managers perform risk assessment for each applicant requesting funding under bulletin 5 & 5.5 prior to making any awards. DPS also maintains a High Risk List which contains a list of high risk entities which are ineligible for future funding until they have satisfactorily resolved any outstanding issues. Entities with audit findings are included on this list which indicates the outstanding issues and resolution status. This list is circulated to DPS management and grant personnel monthly to use as a monitoring and follow up tool.

Audit Number 06-4

Audit Name Medicaid: Audit Identifies \$2.2 Million in Questioned Pharmacy Claims  
Report Date 12/28/2006

Recommendation Number: 1

Recommendation: The Office of Vermont Health Access (now the department DVHA) should systematically review and validate the specific claims identified by data mining to clearly determine which of the claims were incorrectly billed or paid. OVHA should seek refunds for those identified claims that were improperly paid and for which providers are unable to document as valid claims. Pharmacies should have the opportunity to provide documentation which supports the questioned paid claims as valid.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments In 2010, DVHA reported that it did not intend to implement this recommendation.

Recommendation Number: 2

Recommendation: The Office of Vermont Health Access (now the department DVHA) should extend the analysis of past claims, using some or all of the algorithms employed in this report, to the earlier portion of the First Health pharmacy benefit management contract, that is, from November 2001 through December, 2003.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments In 2010, DVHA reported that it did not intend to implement this recommendation.

Recommendation Number: 3

Recommendation: The Office of Vermont Health Access (now the department DVHA] should consider employing additional data mining analysis, using different algorithms than the eight we employed, to check for other improper payments in the entire First Health contract period of July 2001 through December, 2005.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments In 2010, DVHA reported that it did not intend to implement this recommendation.

Recommendation Number: 4

Recommendation: The Office of Vermont Health Access (now the department DVHA], in conjunction with its new Medicaid pharmacy benefit manager, MedMetrics Health Partners should ensure that software controls are in place to automatically identify and prevent payment of the most common billing errors this report has identified and which are confirmed as improper payments by OVHA.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments DVHA has made significant enhancements to pharmacy policies and the claims processing system to mitigate many of the deficiencies identified in the 2006 report. Many enhancements were implemented in the fall of 2007. DVHA continues to make enhancements to system edits and also to actively manage its preferred drug list through the Drug Utilization Board activities. Examples of pharmacy point of sale (POS) coding edit changes include: 1) Kit Billing Errors (quantity limits on Copaxone and Pegasys kits), 2) Lovenox (maximum daily limits), 3) Inhaler Quantity Limits (glucocorticoid and anticholinergic inhalers), 4) Medroxyprogesterone Injection Quantity Limits, 5) POS Edits for Charges >\$5,000, 6) Dose Consolidation, and 7) POS Edits for Part B Claims."

Recommendation Number: 5

Recommendation: The Office of Vermont Health Access (now the department DVHA] and MedMetrics Health Partners should review the data related to specific pharmacies in the data results that we provided to them to determine if on-site pharmacy audits are warranted for those establishments identified as exhibiting higher-than-expected error rates or other patterns suggestive of fraud or abuse. OVHA should also consider reviewing this data with the State's Medicaid Fraud and Residential Abuse Unit (MFRAU) to determine if specific investigations are warranted.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments DVHA performs desk audits and occasionally hires outside contractors to perform onsite audits of select pharmacies whose error rates or patterns of billing necessitate a more comprehensive review. Last fiscal year DVHA performed two onsite audits. Additionally, the DVHA Program Integrity Unit (PIU) and the Medicaid Fraud and Residential Abuse Unit (MFRAU) meet regularly to discuss potential referrals to the MFRAU identified through PIU's data mining activities.

Recommendation Number: 6

Recommendation: The Office of Vermont Health Access (now the department DVHA] should employ data mining of pharmacy claims as an ongoing tool for post-payment review.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments The Department of Vermont Health Access reported that it hired a contractor to perform post-payment analyses of Medicaid pharmacy payments to determine whether it has made improper payments. DVHA is still in the process of investigating some of the results of the contractor's analyses, but it reported that \$360,000 in improper payments have been identified of which it has recouped about half.

Audit Number 07-8

Audit Name Medicaid - Needed System Improvements and Questioned Payments Identified

Report Date 5/8/2007

Recommendation Number: 1

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to complete correction of the identified problems related to specific edits and audits.

Follow-up Date 12/14/2011

Status

Implementation Date 12/14/2011

Review Comments Based on a review of HPES documentation and applicable screens in the Medicaid Management Information System (MMIS), all 15 of the edits and audits with outstanding problems at the time of the audit were either corrected or disabled by HPES.

Recommendation Number: 10

Recommendation: The Office of Vermont Health Access (now the department DVHA) should systematically review and validate the specific claims identified by our data mining contractor to clearly determine which of the claims were incorrectly billed or paid.

Follow-up Date 12/22/2011

Status

Implementation Date

Review Comments DVHA provided no evidence that this recommendation was implemented.

Recommendation Number: 11

Recommendation: The Office of Vermont Health Access (now the department DVHA] should seek refunds for those identified claims that were improperly paid and for which providers are unable to document as valid claims. Providers should have the opportunity to provide documentation that supports the questioned paid claims.

Follow-up Date 12/22/2011

Status

Implementation Date

Review Comments DVHA provided no evidence that this recommendation was implemented.

Recommendation Number: 12

Recommendation: The Office of Vermont Health Access (now the department DVHA] should review the feasibility of employing these or other algorithms on paid claims dated before July 1, 2004 and subsequent to our review dates to identify additional questionable payments and seek to recoup these payments, as appropriate.

Follow-up Date 12/22/2011

Status

Implementation Date 5/27/2008

Review Comments As of mid-December 2011, Ingenix (formerly HWT) had run 17 algorithms for DVHA of which two were the same as those in the 2007 report (correct code initiative and duplicate crossover claims). In addition, there are eight algorithms that are in development.

Recommendation Number: 13

Recommendation: The Office of Vermont Health Access (now the department DVHA] should in the case of the Outpatient Radiology Overpayments algorithm, require EDS [now HPES] to perform an analysis of the paid claims affected by the system error related to the technical component modifier for the time period in which providers are required to keep supporting documentation (6 years). Using this analysis, OVHA should assess the extent that overpayments and underpayments were made and determine the feasibility of correcting these payments.

Follow-up Date 12/22/2011

Status

Implementation Date

Review Comments Per HPES' Claims Operation Manager, this recommendation was not implemented.

Recommendation Number: 2

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to develop and maintain a single comprehensive list of active error status codes (ESC).

Follow-up Date 12/12/2011

Status

Implementation Date 7/27/2011

Review Comments HPES's Director of Claims Operations reported on 6/3/11 that a comprehensive list of error status codes had been established. A list of these codes were subsequently provided, which showed that an analysis had been performed of each active error status codes and which edit screens were being utilized by each code.

Recommendation Number: 3

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to analyze, in a systematic manner and in conjunction with OVHA staff, current error status codes (ESC) to determine whether additional changes need to be made to make sure that they are in line with current Medicaid policies, are executed for the appropriate claim types and procedure codes and procedure code/modifier combinations, and have an appropriate disposition.

Follow-up Date 6/3/2011

Status

Implementation Date 6/5/2007

Review Comments HPES's Director of Claims Operations reported on 6/3/11 that weekly meetings with HPES and DVHA staff are held to go over errors status codes. In addition, these meetings are used to approve and document changes to these codes. Examples of minutes to meetings on 10/5/2010 and 9/21/2011 were obtained to show that this was occurring.

Recommendation Number: 4

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to expeditiously develop written procedures to govern the management of the error status code (ESC) process.

Follow-up Date 6/3/2011

Status

Implementation Date 6/5/2007

Review Comments HPES's Director of Claims Operations reported on 6/3/11 that procedures had been developed and provided copies.

Recommendation Number: 5

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to train claims staff on how the reference screens interrelate, including instructions as to which screens and data need to be changed within the system to achieve various types of changes.

Follow-up Date 6/3/2011

Status

Implementation Date 7/29/2009

Review Comments HPES's Director of Claims Operations reported on 6/3/11 that new coders and reference clerks were trained on the Medicaid Management Information System and provided a copy of the training material.

Recommendation Number: 6

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to develop, in conjunction with OVHA staff, a monitoring process to periodically review error status code (ESC) override decisions.

Follow-up Date 12/15/2011

Status

Implementation Date 7/30/2007

Review Comments On 12/15/2011, the HPES Director of Claims Operations stated that a randomly selected sample of suspended claims (whether overridden or denied) are independently reviewed daily and an assessment made of whether the clerk made the correct decision on the claim. The Director provided a copy of the procedures used and an example of a report showing the results.

Recommendation Number: 7

Recommendation: The Office of Vermont Health Access (OVHA), which is now a department (DVHA) should direct EDS [now HPES] to develop, in conjunction with OVHA staff, a plan to fully implement the McKesson ClaimCheck® and ClaimReview® tools in an expeditious manner. This plan should include specific tasks and the milestones and resources associated with their completion. EDS and OVHA should also track progress against this plan.

Follow-up Date 12/15/2011

Status

Implementation Date

Review Comments On 12/15/11, an HPES systems manager reported that no additional ClaimCheck and ClaimReview edits have been implemented since the 2007 report.

Recommendation Number: 8

Recommendation: The Office of Vermont Health Access (now the department DVHA) should direct EDS [now HPES] to implement a new error status code (ESC) or change an existing one to address the problem identified in the Medicare Primary Payer algorithm.

Follow-up Date 12/9/2011

Status

Implementation Date 3/9/2010

Review Comments Per the HPES Claims Operations Manager, error status code 819 was implemented to address this problem wherein duplicate claims related to two different claims types were being paid. HPES provided a resolution policy manual page describing this edit and the applicable Medicaid Management Information System screens were reviewed confirming that the edit was active. In addition, HPES provided a list of 123 claims that had one or more items denied (not paid) due to the implementation of this edit. (HPES could not determine the amount of the denied claims).

Recommendation Number:	9
Recommendation:	The Office of Vermont Health Access (now the department DVHA) should employ data mining of paid claims as an ongoing tool for post-payment review.
Follow-up Date	12/21/2011
Status	Implemented
Implementation Date	5/27/2008
Review Comments	DVHA contracted with Ingenix (formerly HWT) to provide post-payment reviews of claim data. Ingenix has created a database of 7 years of Medicaid data to identify specific claims that should not have been paid upon policy or accepted coding methodology. It is expected that the benefits of this contract will be (1) identification of providers for future audits, (2) referrals to law enforcement, (3) recoupment of overpaid claims, (4) policy and payment changes, and (5) educational opportunities. According to DVHA, it had difficulty implementing this project. Accordingly, it is in the beginning stages of analyzing the data that Ingenix has begun to provide and has not yet recouped a significant amount (as of mid-December 2011, the Ingenix work has resulted in \$11,535 in recoveries and \$15,677 in cost avoidance related to medical service claims). However, millions of dollars have been identified for further analysis.

Audit Number 08-8

Audit Name Vermont Economic Growth Incentive Program Audit

Report Date 6/12/2008

Recommendation Number: 1

Recommendation: The Vermont Economic Progress Council (VEPC) should include a signed attestation statement on the application that signatories other than the president or CEO are authorized to sign on their behalf.

Follow-up Date 6/27/2012

Status

Implementation Date 12/31/2008

Review Comments Adoption of this recommendation was achieved by VEPC through technology and changes to the VEGI application system. Any person working on a VEGI application must create a protected user account that has an assigned role, such as authorizing official and senior authorizing official. The VEPC executive director ensures that the individuals who are assigned to these two roles meet the program definitions of top company official.

**Recommendation Number:** 10

**Recommendation:** The Vermont Economic Progress Council (VEPC) and the Joint Fiscal Committee should use a company's historical rate of growth, if higher than industry average, in the cost-benefit model when it is available.

**Follow-up Date** 6/27/2012

**Status**

**Implementation Date**

**Review Comments** In January 2012, the Secretary of the Agency of Commerce and Community Development delivered a report to the legislature regarding the VEGI program. The report contains a discussion on the background growth rate. The current practice is to use 15 years of background growth, representing a standardized approach for all potential companies and providing a level playing field for all companies – large or small, an existing old, existing new, or start-up. The report states that measuring companies against industry benchmark is the most equitable and efficient solution. The report contends that using company specific information would require many rules and methodologies for each possible company situation. It also states that it would require subjective analysis because each company would have a different amount of historical data available. The SAO believes that using actual historical background rates is more accurate and ensures that when a company that is outpacing its peers applies for an incentive, a part of the normal growth of the company which can reasonably be expected to occur is not included in the incentive calculation.

**Recommendation Number:** 11

**Recommendation:** The Vermont Economic Progress Council (VEPC) should require that all the tools available to the staff be used, such as the "but for" checklist.

**Follow-up Date** 6/27/2012

**Status**

**Implementation Date** 12/31/2008

**Review Comments** In lieu of of using a "but for" checklist, in 2008 the VEGI program implemented a web-based software application and claims system. However, the effective use of this new system is lessened as a result of the VEPC executive director being the only staff member trained to review the technical aspect of the model.

Recommendation Number: 12

Recommendation: The Vermont Economic Progress Council (VEPC) should consider adopting a policy and process to bill the costs of additional due diligence, when deemed necessary, to a company's first-year payments through a reasonable bill back provision.

Follow-up Date 6/27/2012

Status

Implementation Date

Review Comments The Council stated that they will consider the recommendation requesting authority to bill back to help cover costs, but asserted that it would require a statutory change.

Recommendation Number: 2

Recommendation: The Vermont Economic Progress Council (VEPC) should consult with the Tax Department as to possible impacts of policy changes. VEPC should recalculate the incentive award to disallow activity occurring prior to the approval date of the final application so as to be in compliance with statute and do so for all affected applications.

Follow-up Date 6/27/2012

Status

Implementation Date 12/31/2009

Review Comments The statutes and administrative rules have been changed to better define the controls over activity commencement dates. At the time of our audit in 2008, the VEGI statute did not allow for incented activity prior to final approval, however VEPC elected not to recalculate the incentive award for the specific cases in our report.

Recommendation Number: 3

Recommendation: The Vermont Economic Progress Council (VEPC) should impose a limit on the time an applicant is given to file the final application after the initial approval is given.

Follow-up Date 6/27/2012

Status

Implementation Date 6/30/2009

Review Comments The legislature changed the statute to require that the final VEPC approval must come before December 31 of the calendar year in which the economic activity commences. This action effectively reduced the risk of a company adjusting incentive targets to ensure targets were met.

Recommendation Number: 4

Recommendation: Verification of the calculations returned by EPRI should be done by the Vermont Economic Progress Council (VEPC) staff to ensure consistent methods are applied.

Follow-up Date 6/27/2012

Status

Implementation Date 1/31/2010

Review Comments The VEPC executive director prepares a series of spreadsheets using applicant data and compares the spreadsheets to the inputs and outputs from EPRI.

Recommendation Number: 5

Recommendation: The Legislature should consider revising the statute to require the wage threshold to remain at 160% of the current minimum wage through the entire award period.

Follow-up Date 6/27/2012

Status

Implementation Date

Review Comments The legislature requested a comprehensive study on VEGI in 2011, which included a review of the wage threshold. The review advised changes to the threshold, but the legislature did not act to change it.

Recommendation Number: 6

Recommendation: The Vermont Economic Progress Council (VEPC) should consider the involvement of an independent public advocate for the State reviewing an applicant's "but for" statements and supporting documentation.

Follow-up Date 6/27/2012

Status

Implementation Date 6/30/2009

Review Comments The composition of the board was altered by the legislature after our 2008 audit. Adding representatives of the people from the legislative branch should increase the level of review and due diligence, and therefore the SAO believes that the intent of our recommendation has been implemented.

Recommendation Number: 7

Recommendation: The Vermont Economic Progress Council (VEPC) should use the correct background growth rate to recalculate the incentive award for this applicant. Also, VEPC should add recalculating the background growth rate as a control to their verification of the data going into the cost-benefit model per applicant and have the data rerun when an obvious discrepancy occurs.

Follow-up Date 6/27/2012

Status

Implementation Date

Review Comments VEPC declined to re-calculate the specific incentive award because the incentives were subsequently rescinded. It does not recalculate the background growth rate as an additional control to validate the data output from the cost-benefit model. VEPC chose not to update the cost-benefit model more than once annually, citing cost effectiveness and statutory restrictions (which require that a change to the cost benefit model be approved by the Joint Fiscal Committee).

Recommendation Number: 8

Recommendation: The Vermont Economic Progress Council (VEPC) should update the [regional] grouping  annually or revise its operating guidelines to reflect the correct methodology.

Follow-up Date 6/27/2012

Status

Implementation Date 6/30/2009

Review Comments The VEGI administrative rules were amended to reflect the best practice suggested. The regional Differential Adjustment Factor has been reviewed annually and updated if economic conditions have changed enough to warrant any update.

Recommendation Number:	9
Recommendation:	We recommend to the Legislature that these safeguards should be maintained for prudent fiscal management of the State's resources (1) annual cap of \$10 million on the total incentives authorized yearly and (2) incentive ratio of 80% applied to the pre-incentive net fiscal benefit.
Follow-up Date	6/27/2012
Status	<input type="text" value="Implemented"/>
Implementation Date	6/30/2010
Review Comments	The annual cap was debated during the 2010 session based upon a request by VEPC for an increase in the cap to accommodate potential projects which if approved would exceed the cap. The Joint Fiscal Committee (JFC) agreed to raise the cap for calendar year 2010 only, and the annual \$10 million cap and the 80 percent ratio remain in place.

Audit Number 08-12

Audit Name Agency of Transportation (AOT) Rail Report -- Vermont Agency of Transportation Rail Section Contract Audit

Report Date 12/5/2008

Recommendation Number: 1

Recommendation: The Agency of Transportation (AOT) should competitively bid all major rail projects as required by the State's contracting procedures.

Follow-up Date 12/31/2010

Status

Implementation Date 1/1/2010

Review Comments The SAO has reviewed the AOT Rail Section matrix noting the matrix addresses the procurement process for the different procurement scenarios (mechanisms) utilized by AOT. SAO observed that the matrix included a line for "Bid Contracts" for larger projects larger than \$100,000 as well as "Simplified Bid" projects less than \$100,000 which is consistent with Bulletin 3.5. The SAO reviewed the only two rail contracts issued during FY 2011 (RAIL 5306 and RAIL 5307). Both contracts were greater than \$100,000 and per review of invitation to bid and bidding analysis document the contracts appeared to have been appropriately competitively bid.

Recommendation Number: 10

Recommendation: The Agency of Transportation (AOT) should withhold approval to commence a project for which a railroad has contracted if the proper proof of insurance coverage has not been obtained.

Follow-up Date 12/31/2010

Status

Implementation Date 12/31/2010

Review Comments AOT inserted an insurance clause into its standard contract language stating, "Before commencing work on this Agreement the Party must provide certificates of insurance to that the following minimum coverages are in effect....". AOT also noted that there were no instances in which insurance certificates were not provided before the start of a project.

**Recommendation Number:** 11

**Recommendation:** Salvage proceeds should be returned directly to the State immediately upon receipt by the Railroad. The Agency of Transportation (AOT) should develop a procedure to record the proceeds as offsets to the expenditure account while the project is still open.

**Follow-up Date** 12/31/2010

**Status**

**Implementation Date** 4/23/2009

**Review Comments** The SAO reviewed the new AOT policy regarding salvage proceeds indicating that salvage proceeds should be paid directly to the State. The SAO reviewed the 4/23/09 letter from AOT to Vermont Rail Systems (VRS) indicating that the practice of salvage offsets with VRS has been discontinued.

**Recommendation Number:** 12

**Recommendation:** The State should enforce the contract and have the other track material (OTM) placed under secure conditions. The Agency of Transportation (AOT) Rail Section employees should be performing periodic or random inventory counts and inspections to ensure that a loss of materials has not occurred. The State could consider using existing AOT locations such as the Agency's own regional salt sheds as areas to stockpile or secure these materials.

**Follow-up Date** 12/31/2012

**Status**

**Implementation Date** 12/31/2010

**Review Comments** One line has been inventoried and a field inspection report written. AOT is working on a geographical information system to identify inventory locations. However, performing an inventory and identifying locations does not address the secure storage element of the recommendation.

**Recommendation Number:** 13

**Recommendation:** The Agency of Transportation (AOT) should implement policies and procedures to ensure that invoices are submitted correctly and on a timely basis. The time period should be stipulated in the applicable clause in the standard rail contract. Invoices should not be accepted if submitted outside of the time parameters established.

**Follow-up Date** 12/31/2010

**Status**

**Implementation Date** 8/1/2010

**Review Comments** Per review of the payment provision clause from contract RA0009 (attachment B, pg4), the contract language states "following each two week period which the Railroad incurs costs eligible for reimbursement under this agreement, Railroad will submit an invoice to the Vtrans Resident Engineer/Project Manager.....". In addition, AOT created a Grants Management Unit to review each invoice against its contracts and related spreadsheets. Also, AOT developed new payment approval processing sheets to ensure that payments are properly approved. The SAO examined the new organization chart and job duties of the Grants Management Unit which support that these changes have been implemented. In addition, SAO reviewed Vermont Railway invoice 688-08-72 dated 3/24/10 and confirmed that the invoice was for reimbursement of expenses purchased in February 2010, which were submitted timely by the Railroad.

**Recommendation Number:** 14

**Recommendation:** The Business Manager of the Rail Section at the Agency of Transportation (AOT) should be verifying the operating lease rental income from the Railroad on a regular basis. AOT should require its vendor to supply verification of the rent calculation and provide the underlying documentation for calculation.

**Follow-up Date** 12/31/2010

**Status**

**Implementation Date** 12/31/2010

**Review Comments** The SAO reviewed the lease payments for July 2010 from the Green Mountain Railroad Corporation (\$4,521) and Vermont Railway (\$49,379). The payments were accompanied by a spreadsheet calculating the amount of rent due for July 2010 based on the monthly revenues of the railroad times the rental percentage. The SAO recalculated the rental payments and agreed them to the deposit information without exception.

Recommendation Number: 15

Recommendation: The Agency of Transportation's (AOT) Finance and Administration Division should put a process in place to annually validate the calculations. If the Railroad does not provide the requested data, AOT should seek suspension of any subsidy or railway maintenance payments until the railway information is made available and verified as to its completeness, accuracy, authenticity and validity. AOT could also enforce the termination clause of the operating lease.

Follow-up Date 12/31/2012

Status

Implementation Date 12/31/2012

Review Comments Railroads are now providing the information necessary to verify the rent calculations. The Rail Section is required to review the information and forward to Vtrans Audit Section

Recommendation Number: 16

Recommendation: The Agency of Transportation's (AOT) Rail Section and Audit Section staff should have the appropriate knowledge and information to be able to verify the operating lease rental income from the Railroad.

Follow-up Date 12/31/2012

Status

Implementation Date 12/4/2012

Review Comments The knowledge required by this recommendation is Account 501 of the Uniform System of Accounts for Railroad Companies, which has been made available to AOT staff. The information required is the general ledger report referred to in recommendation 15.

Recommendation Number: 17

Recommendation: Management at the Agency of Transportation (AOT) should provide the staff with necessary information and ensure that current staff receives adequate on-going training.

Follow-up Date 12/31/2010

Status

Implementation Date 4/7/2010

Review Comments From February through April 2010, a team of agency staff examined the financial process of AOT with an emphasis on the Operations Division and the Finance & Administration division as it relates to operations. The areas of communication and training were identified as areas to improve. A communication plan was developed which addressed office communication/routine meeting, organization structure, job duties, etc. Training was developed which addressed the need for new hires to have accounting and business backgrounds, creating a district liaison position reporting to the business manager to assist in training. The SAO reviewed the Executive Summary, organizational structure charts and summary of job duties for business office and financial operations staff. These materials corroborate AOT's initiative to increase communication, employee information and training.

Recommendation Number: 18

Recommendation: The Agency of Transportation's (AOT) lease and contract files should have adequate documentation when referencing specific accounting methodologies.

Follow-up Date 12/31/2010

Status

Implementation Date 12/4/2012

Review Comments The 'accounting methodology' is per Account 501 of the Uniform System of Accounts for Railroad Companies, which has been made available to AOT staff.

Recommendation Number: 19

Recommendation: Although the lease requires financial information to be retained by the Railroad for a period of 3 years, the Agency of Transportation (AOT) Secretary should require a retention period of 7 years to mirror State guidelines.

Follow-up Date 12/31/2010

Status

Implementation Date 12/29/2010

Review Comments Per review of an AOT letter dated 12/29/10 sent to Vermont Rail Systems (all Vermont rail companies), establishing a 7 year records retention policy effective immediately.

Recommendation Number: 2

Recommendation: Procurement of substantial material and supplies should be delegated to the purchasing group within the Department of Buildings and General Services (BGS).

Follow-up Date 12/31/2010

Status

Implementation Date 7/1/2010

Review Comments The SAO queried and reviewed all expenditures for FY 11 for Rail (Dept ID - 8100002300) and determined that supply purchases made were not significant during FY 2011. SAO reviewed the blanket delegation of authorities (BDA) approved by BGS authorizing AOT to purchase used rail and railroad ties, not to exceed \$1,500,000 and \$200,000 per year, respectively. Based on this review it appears that AOT, is properly managing its supply procedures through BGS in accordance with the approved BDAs.

Recommendation Number: 20

Recommendation: The Agency of Transportation (AOT) should follow the process laid out in the lease agreements and send invoices estimating revenue, including accrued interest, if applicable, to the Railroad if a payment is not received timely. Vermont Rail Systems (VRS) should continue to send in the actual amount of revenue based on the terms of the lease making adjustments to the estimated amounts where necessary.

Follow-up Date 12/31/2010

Status

Implementation Date 9/29/2010

Review Comments Under the terms of the lease agreements, the monthly installments are due by the 15th of the 3rd succeeding month. The Business Office is now checking the spreadsheet submitted with the payment to verify it was properly calculated. The SAO reviewed the lease payments for July 2010 from the GMRR (\$4,521) and Vermont Railway (49,379), noting that they were received on 11/9/10 within the criteria establish from the terms of the lease. Also, the SAO reviewed new policies on Rail Lease Payments and Interest on Delinquent Payment Processing, and the 10/22/10 interest assessment bills to Vermont Rail (\$34, 000) and GMRC (\$3,000).

Recommendation Number: 21

Recommendation: The Agency of Transportation (AOT) should strengthen the review of its lease renewals by considering contract goals and performance. AOT Rail Section management should maintain the analysis, interpretation and communication of this review as a part of its documentation that supports the rationale of its decision to renew or not renew this agreement. A procedure on how to assess performance should be developed.

Follow-up Date 12/31/2010

Status

Implementation Date

Review Comments AOT thinks that this is not a practical recommendation to implement. They feel that the State is in a tough position given there are so few rail carriers available in the region/county and it would be challenge to negotiate contract goals and performance measures into the contracts. AOT stated that it will be mindful of this going forward.

Recommendation Number: 22

Recommendation: The Agency of Transportation's (AOT) Finance and Administration Division should create a formal corrective action plan to address all current outstanding audit findings. These findings should be resolved within a designated timeframe. The corrective action plan should have all tasks identified, documented and described in adequate detail so that resolution efforts can be effectively monitored. A copy of the plan should be forwarded to the Secretary of Transportation for review. Periodic status reports on corrective actions should go to the Finance and Administration Director. The Division's Audit Section should actively pursue remuneration for actual questioned costs and research and resolve any identified questionable costs. Any settlement agreements should be included in the Rail Section's contract files. Further, AOT should immediately collect the balance due and obtain the required documentation from the Railroad.

Follow-up Date 12/31/2012

Status

Implementation Date 10/17/2012

Review Comments AOT still lacks a formal process for ensuring that A-133 audit findings are addressed. However, the questioned cost issue has been resolved.

Recommendation Number: 3

Recommendation: The Agency of Transportation (AOT) should ensure that bid documents submitted by its subcontractors for approval by AOT are compliant with State and Federal procurement procedures. If the Railroad is granted the authority and responsibility of soliciting bids on behalf of the State, AOT must provide the oversight to ensure that the process is open and that the bid accepted is in the best interest of the State.

Follow-up Date 12/31/2010

Status

Implementation Date 12/31/2010

Review Comments SAO reviewed the procurements procedures that AOT requested from its subcontractor (Rail America) as part of its review of their procurement procedures. The procedures covered 1) requesting quotations and buying, 2) antitrust compliance, 3) conflict of interest, 4) ethics, and 5) reciprocity. The procedures examined appeared fairly extensive and addressed many components of procurements.

Recommendation Number: 4

Recommendation: Invoices submitted to the Agency of Transportation (AOT) for payment in cases where AOT has not approved the subcontractor should be rejected.

Follow-up Date 12/31/2010

Status

Implementation Date 12/31/2010

Review Comments The SAO selected several payments to subcontractors to verify that the payments were made to approved subcontractors and were reviewed by the Grants Management Section. Based on review of payments in the amount of \$13,484 (PS0087/VC550988) and \$13,375 (C01609/VC547090) , the payments were made subsequent to the vendor/contract being approved and they appeared to be appropriately reviewed.

Recommendation Number: 5

Recommendation: The Agency of Transportation (AOT) must obtain the AOT AF-38 form for any vendors (or subcontractors) qualifying as preferred vendors.

Follow-up Date 12/31/2010

Status

Implementation Date 12/31/2010

Review Comments Form AF38 (Personal Service Contract - Consultant Financial Background Questionnaire) is used by AOT to gain basic cost, accounting and financial information for personal service contracts. Personal service contracts are also subject to the requirements of Bulletin 3.5. This form is not required for construction contracts subject to Bulletin 3.5 as that process includes a rigorous vetting of similar information. The SAO reviewed the AF-38 forms associated with personal service contracts PS0037 and PS0056. The AF-38 form appears properly completed and the agency appears to be properly utilizing the form.

Recommendation Number: 6

Recommendation: The Rail Section should follow the Agency of Transportation's (AOT) approved contracting plan so that all construction contracts in excess of \$3 million are reviewed and approved by the Secretary of the Agency of Administration.

Follow-up Date 12/31/2010

Status

Implementation Date 1/1/2010

Review Comments Per a review of construction contracts executed during FY 2010 and 2011, there were no RAIL contracts greater than \$3 million issued, however there were several non-Rail construction contracts greater than \$3 million. Since the AOT follows a Contract Plan which applies to AOT as a whole, the SAO selected two contracts greater than \$3 million for verification that the Secretary of Administration approved the contracts. Based on our review of the Pike Industries contract for \$6.1 million executed on 10/26/10 and Frank W. Whitcomb contract for \$3.9 million executed on 7/30/10, both contracts were appropriated approved by the AOT and the Secretary of Administration.

Recommendation Number: 7

Recommendation: The Agency of Transportation (AOT) should ensure that the Secretary of Administration's approval is indicated in the contract when required by State regulations.

Follow-up Date 12/31/2010

Status

Implementation Date 1/1/2010

Review Comments The Secretary's of Administration's approval was indicated in the contract as required by State regulations.

Recommendation Number: 8

Recommendation: The Agency of Transportation's (AOT) Contract Administration group and the Assistant Attorney General should work together to develop a standard contract that is annually sent for approval to the Secretary of Administration. Each contract should clearly indicate the procurement regulations, insurance coverage, and performance expectations for carrying out the contract as required by the State's current contracting procedures of the Agency's approved Contracting Plan. AOT should include enforceable penalty or liquidated damages clauses in rail contracts as recommended by Bulletin No. 3.5.

Follow-up Date 12/31/2010

Status

Implementation Date 12/31/2010

Review Comments The SAO reviewed Rail Contracts RA0009, RAIL5306 and RAIL5307 to assess whether the contract contained specific procurement regulations, insurance coverage, and performance expectations clauses. All of these provisions appear to have been met based on the review of these contracts. The agency did not have their standard contract template approved by the Secretary of Administration because they believe they are following all required elements of bulletin 3.5.

Recommendation Number:	9
Recommendation:	The Agency of Transportation (AOT) should require all subcontractors to show evidence of current coverage by submitting an insurance certificate annually. A copy of the insurance certificate should be included in each project file.
Follow-up Date	12/31/2010
Status	<input type="text" value="Implemented"/>
Implementation Date	12/31/2010
Review Comments	The SAO reviewed the insurance certificates for contracts RAIL5306 and 5307. It appears the agency appropriately obtained the insurance certificates on or before the final approval of the contracts.

# Reports Dated 2009-2010

(Recommendation Follow-up On-going)

Audit Number 09-3

Audit Name BGS: Performance Measurement System Could be Improved

Report Date 6/29/2009

Recommendation Number: 1

Recommendation: The Department of Buildings and General Services (BGS) should initiate a BGS-wide strategic planning process that (1) takes into account major plans and initiatives, (2) provides guidance on performance measurement, and (3) revisits the department's current goals and measure to make them more outcome and efficiency-oriented and includes a focus on obtaining feedback from customers as to their satisfaction with the quality and timeliness of the services provided.

Follow-up Date 11/23/2011

Status

Implementation Date 11/4/2011

Review Comments BGS issued a 2011-2015 strategic plan on November 4, 2011. This plan includes a description of the planning process used by the department as well as its new goals and measures. The following elements were found in the plan (1) goals and measures linked to each other and the statewide priority areas, (2) goals and measures that are more outcome and efficiency oriented, and (3) a goal related to customer satisfaction.

Recommendation Number: 2

Recommendation: The Department of Buildings and General Services (BGS) should develop, document, and periodically update a strategic plan.

Follow-up Date 11/23/2011

Status

Implementation Date 11/4/2011

Review Comments BGS issued a 2011-2015 strategic plan on 11/4/11.

Recommendation Number: 3

Recommendation: The Department of Buildings and General Services (BGS) should establish a set of common measures to be used and reported on by the three regions that make up BGS' Facilities Operations Division.

Follow-up Date 11/23/2011

Status

Implementation Date 11/4/2011

Review Comments BGS issued a 2011-2015 strategic plan on 11/4/11. This plan includes a series of common measures for facilities' operations. These measures are associated with goals 3 and 7.

Recommendation Number: 4

Recommendation: The Department of Buildings and General Services (BGS) should establish numerical targets for all measures, taking into consideration whether benchmarks from authoritative outside sources should be used to give a more complete picture of BGS' achievements.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments The BGS 2011-2015 strategic plan contains numeric targets for some, but not all, measures. For example, measure 3A (p. 10) states that BGS' target is to reduce its energy consumption, including the amount of fuel used by its employees to travel to and from meetings during the workday, by 5% per year. Other measures did not have associated targets and/or were process-oriented. For example, measure 2.2 (p. 10) calls for BGS to conduct a customer service needs assessment, which would include assessing and defining customer service needs. In another example, measure 4.1 (p. 12) is to increase the level of employee satisfaction demonstrated by an annual employee survey.

Recommendation Number: 5

Recommendation: The Department of Buildings and General Services (BGS) should compare actual results to numerical targets on at least an annual basis.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments BGS reported that it planned to implement this recommendation in the FY 2014 budget cycle.

Recommendation Number: 6

Recommendation: The Department of Buildings and General Services (BGS) should require that the sources and methods used to develop actual performance results be documented and validated.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments BGS reported that it planned to implement this recommendation in FY 2012-2013.

Recommendation Number: 7

Recommendation: The Department of Buildings and General Services (BGS) should correct the identified methodology errors in the measures that we reviewed or change the title and/or description of the measures to more accurately reflect the actual results being collected and reported.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments Based on a review of the 2011-2015 strategic plan, none of the measures that had methodological errors were included in the measures in the plan. Accordingly, this recommendation is no longer applicable.

Recommendation Number: 8

Recommendation: The Department of Buildings and General Services (BGS) should include in its performance reports to the legislature (1) explicit links between goals, measures, targets, and actual results, (2) narrative explanations of results and corrective actions that are planned if targets were not met, and (3) data limitations.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments BGS reported that this will be addressed in the FY 2014 budget cycle.

Audit Number 09-4

Audit Name DMV: Performance Measurement System Could Be Enhanced

Report Date 7/22/2009

Recommendation Number: 1

Recommendation: The Department of Motor Vehicles (DMV) should perform and document a strategic planning process that includes revisiting the department's goals and measures in order to evaluate (1) whether DMV's current goals and measures are still appropriate due to the VTDrives implementation and (2) whether outcome measures could be established for the highway safety goal.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments The recommendation had not been implemented, but the DMV Commissioner reported that his office was planning a two-day strategic planning retreat.

Recommendation Number: 2

Recommendation: The Department of Motor Vehicles (DMV) should develop, document, and periodically update a strategic plan.

Follow-up Date 11/23/2011

Status

Implementation Date

Review Comments The recommendation had not been implemented, but the DMV Commissioner reported that his office was planning a two-day strategic planning retreat.

Recommendation Number: 3

Recommendation: The Department of Motor Vehicles (DMV) should establish numerical targets for all measures and regularly update them.

Follow-up Date 12/15/2011

Status

Implementation Date

Review Comments DMV's latest performance document shows that numerical targets (benchmarks) have been established for 8 of 9 performance measures.

Recommendation Number: 4

Recommendation: The Department of Motor Vehicles (DMV) should develop a system with which to track and report actual results, including a comparison of results to numerical targets, for all measures.

Follow-up Date 12/13/2011

Status

Implementation Date

Review Comments The DMV Director of Operations reported that implementation of this recommendation had been delayed due to the implementation of DMV's major system initiative--VTDrives.

Recommendation Number: 5

Recommendation: The Department of Motor Vehicles (DMV) should require that the sources and methods used to develop actual performance results be documented, and that actual results be validated for all measures and documentation retained.

Follow-up Date 12/13/2011

Status

Implementation Date

Review Comments The DMV Director of Operations reported that no significant action had been taken on this recommendation.

Recommendation Number: 6

Recommendation: The Department of Motor Vehicles (DMV) should correct the identified methodology errors in the measures that we reviewed or change the title and/or description of the measures to more accurately reflect the actual results.

Follow-up Date 12/13/2011

Status

Implementation Date

Review Comments The SAO reported errors in the methodology associated with 3 performance measures. In DMV's FY 2012 Strategic Overview, (1) data limitations related to the methodology weakness were outlined for two measures (wait times and mail backlogs) and (2) the methodology was changed for one measure (% of registration renewals processed over the web, by kiosk, or via interactive voice response). This recommendation will remain open to check whether the methodology weaknesses in the wait times and mail backlogs measures are fixed rather than just acknowledged in the performance report.

Recommendation Number: 7

Recommendation: The Department of Motor Vehicles (DMV) should report more complete performance measurement information to the Legislature annually, including (1) linked goals, strategies, measures, actual results & targets, (2) narrative explanations of results, corrective actions that are planned if targets are not met, and (3) data limitations, if applicable.

Follow-up Date 12/15/2011

Status

Implementation Date 1/15/2010

Review Comments The FY 2011 and FY 2012 Strategic Overview documents contain goals, measures, benchmarks (targets), data limitations, actual results, narrative discussions, and planned actions. This performance information is explicitly linked and clear to the reader.

Audit Number 09-5

Audit Name DED and VEPC: Performance Measurement System Could be Improved

Report Date 9/14/2009

Recommendation Number: 1

Recommendation: The Department of Economic Development (DED) should develop a written strategic plan based on the results of their internal planning process that clearly defines how the programs are to help the department achieve its objectives.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures. State auditor of accounts and chief auditor have been in communication with the Agency Secretary regarding the its efforts to development a strategic plan. The information obtained from the Agency Secretary indicated that the plan is expected to be completed in the first quarter of CY12.

Recommendation Number: 10

Recommendation: The Vermont Economic Progress Council (VEPC) should define goals and strategies on its performance reports to the Legislature and include relevant narrative explanations when necessary such as when targets are not met or when data limitations exist.

Follow-up Date 12/29/2010

Status

Implementation Date 12/16/2010

Review Comments VEPC provided the 2011 annual report for the Vermont Employment Growth Incentive (VEGI) program in which it reported performance measures for the program, including narrative descriptions of how the program operates to meet its goals; targets versus actual results; and discussion of potential cause for companies not meeting their targets.

Recommendation Number: 2

Recommendation: The Department of Economic Development (DED) should develop a mix of measures; specifically outcome and efficiency measures, in order to better assess how the activities of the programs contribute to Department goals.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures. State auditor of accounts and chief auditor have been in communication with the Agency Secretary regarding the its efforts to development a strategic plan. The information obtained from the Agency Secretary indicated that the plan is expected to be completed in the first quarter of CY12.

Recommendation Number: 3

Recommendation: The Department of Economic Development (DED) should define all measures in quantifiable form and establish numerical targets for all measures.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures.

Recommendation Number: 4

Recommendation: The Department of Economic Development (DED) should track actual results for each measure and compare actual results to numerical targets on at least an annual basis.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures.

Recommendation Number: 5

Recommendation: The Department of Economic Development (DED) should require that all the sources and methods used to develop actual performance results be documented and that actual results be validated.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures.

Recommendation Number: 6

Recommendation: The Department of Economic Development (DED) should include in its performance reports to the Legislature (1) explicit links between department goals, measures, and targets, (2) comparisons of results to targets and, if applicable, corrective actions that are planned if targets were not met, and (3) data limitations, when applicable. Also, DED should compile the information related to explicit links between the Vermont Economic Progress Council's goals, measures, and targets for inclusion in DED's report as required by 32 V.S.A. 307©.

Follow-up Date 12/29/2011

Status

Implementation Date

Review Comments DED agrees with our recommendation, but has not completed a strategic plan that specifies goals and measures.

Recommendation Number: 7

Recommendation: The Vermont Economic Progress Council (VEPC) should develop a strategic plan that is specific to how its programs contribute to achievement of its goals.

Follow-up Date 12/29/2011

Status

Implementation Date 12/16/2010

Review Comments VEPC provided a strategic plan specific to its agency that includes mission statements, goals, objectives and performance measures with benchmarks for the Council, as an organization, and for each of the two programs that the Council administers. The Council has a plan to review and update its strategic plan consistently and regularly. A review of the plan shows that goals are clearly laid out, with objectives related to the goals, methodology for accomplishing the goals and measures described with projected and actual results identified over a four year trend.

Recommendation Number: 8

Recommendation: The Vermont Economic Progress Council (VEPC) should develop efficiency measures in order to gauge the efficient use of program resources.

Follow-up Date 12/29/2010

Status

Implementation Date 12/16/2010

Review Comments Efficiency measures were laid out for the two programs that VEPC administers - the Vermont Employment Growth Incentive and Tax Increment Financing programs. They were not identified for the council itself. However, the efficiency measures identified in the strategic plan are relative to the operation of the Council. For instance, the measures pertain to timeliness of reporting, customer satisfaction with process, budgetary cost per new qualifying job created, etc.

Recommendation Number:	9
Recommendation:	The Vermont Economic Progress Council (VEPC) should establish targets for the Tax Increment Financing (TIF) measures and show how actual results compare to targets and/or to prior year results.
Follow-up Date	12/29/2011
Status	<input type="text" value="Implemented"/>
Implementation Date	10/1/2009
Review Comments	The website for the TIF program shows that the reporting requirements for VEPC-approved TIFs include targets for the measures that will be reported by VEPC and include projected and actual results. Based on a reporting spreadsheet prepared by the Executive Director for a non-VEPC approved TIF (Winooski), the measures (targets) do not include projected data but do include actual results.

Audit Number 10-0

Audit Name PERFORMANCE AUDIT OF THE SOUTHWEST VERMONT SUPERVISORY UNION

Report Date 10/25/2010

Recommendation Number: 1.1

Recommendation: The Southwest Vermont Supervisory Union (SVSU) Board and member district boards should assess their operations and determine methods to streamline and centralize decision making for consistency, beginning with a board assessment using tools such as the Vermont School Boards Association survey.

Follow-up Date 10/31/2012

Status Partially Implemented

Implementation Date 12/15/2011

Review Comments The Vermont School Boards Association has been working with the SVSU Board and the SVSU Leadership Team to review roles and responsibilities. Frequent review of the role of Board members was scheduled for the SVSU Board and is included in annual orientation of members newly elected to the boards. Board Chairs also have an annual review of roles and responsibilities, including their roles as chairs. However, most of the work with the SVSU Board and Leadership Team centered on SVSU goal development. The recommendation from officials from Vermont School Boards Association was to visit the roles and responsibilities again when the action steps to goals were formulated.

**Recommendation Number:** 1.2

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consider reducing the number of Board meetings. To ensure that the Superintendent or a designee is able to attend the meetings, the Boards should attempt to coordinate schedules to reduce multiple meetings on a single date.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The Mount Anthony Union High School and Bennington School District boards have reduced their regular meetings from two each month to one. However, periodically to respond to tasks both Boards have returned to two meetings a month. The Prudential Committee had reduced its meetings from one a month to scheduled specific months of no meetings. However, there has been an increase in special meetings as related to their tasks to ready the North Bennington public school for possible closure by members of the Prudential Committee should the local electorate give them this authority and the Village School of North Bennington receive State of Vermont independent school approval.

**Recommendation Number:** 1.3

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) and its school district Boards should consider reducing or eliminating the stipends for Board members and redirect the money to programs and direct services for the school districts.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** There has been no reduction or elimination of stipends.

**Recommendation Number:** 1.4

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) Board should routinely take action to update and approve Board policies at the annual meeting for the election of officers.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** This has not been implemented. Each independent district holds its own meeting to elect their Board Chairs, Vice Chairs, and Clerks. The Boards have not been willing to delegate their authority to approve policies at the SU level.

**Recommendation Number:** 1.5

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue its efforts to budget an appropriate amount for legal work in fiscal year 2010-11 in anticipation of all legal services needed. This recommendation could be made for several areas in the SVSU budget; however, with the risk and rising costs of litigation, our overall review of administration focuses on legal expenses and practices.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU has budgeted appropriately.

**Recommendation Number:** 1.6

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) and member school districts need to consider moving to a more consolidated structure that reduces the number of administrative positions.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 8/13/2012

**Review Comments** The SVSU has considered its organizational structure. The Superintendent requested a consultant, former Commissioner of Education/Superintendent, to advise her on recommendations within the MGT report related to staffing. As noted in the original MGT report the reduction of administrative positions would be easier in a consolidated governance structure. The Assistant Superintendent position was vacant for two years as suitable candidates were not found. As of August 13, 2012 the position has been filled.

**Recommendation Number:** 1.7

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should develop a five-year strategic plan that is aligned with its strategic goals and budget, and ensure that Board policies and all other plans are aligned with the strategic plan and goals. A strategic plan should be developed by the Superintendent in consultation with and approved by the SVSU Board. The Superintendent should assign a team comprised of key senior staff, and select school site personnel, parents, and community leaders to develop this plan. The strategic plan should establish SVSU's vision, strategic goals, and guiding principles, and clearly define SVSU's mission.

**Follow-up Date** 10/31/2012

**Status** Partially Implemented

**Implementation Date** 12/15/2011

**Review Comments** Members of the SVSU Board and the SVSU Leadership team have developed SU goals. Action steps are being developed. Board members have recognized the need to begin a process of identifying commonly held values (some are reflected in the goals which were developed) and a revision of the 1998/2002 Mission and student expectations. There is an expectation that all board members of the six independent districts will participate as this is currently under discussion at each of the boards and SVSU level.

**Recommendation Number:** 1.8

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should present the potential savings and benefits of converting to a supervisory district (from its current supervisory union status) to its electorate and member school districts. The SVSU should seek permission from the electorate and member school districts to convert to a supervisory district to benefit from the reduced administrative and board costs.

**Follow-up Date** 10/31/2012

**Status** Partially Implemented

**Implementation Date** 10/4/2012

**Review Comments** The constituent districts of the SVSU and the districts of the Battenkill Supervisory Union engaged in a Regional Educational District (RED) Study during 2011-2012. In June 2012, the regional committee voted to disband the RED study prior to presenting any potential savings and benefits. Reasons given for disbanding the committee were the reluctance of boards to assume the assets and liabilities of other districts, the wish to retain their individual boards, and the inability to determine a common purpose. The electorate was not presented with any potential savings and benefits.

Recommendation Number: 1.9

Recommendation: The Vermont Department of Education should continue to advocate for the recommendations contained in the 2006 Commissioner report to consolidate school districts, and the Vermont Legislature should convert supervisory unions to supervisory district models statewide.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments This recommendation was applicable to the Vermont Department of Education and not to the Southwest Vermont Supervisory Union (SVSU). Revisions to Act 153 have continued to guide the effort to consolidate services, but there has been no approved legislation to create supervisory districts.

Recommendation Number: 2.1

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should develop an annual special education strategic plan including the mission, vision, goals, objectives, activities, evaluation, and a scope and sequence time line of training and education support activities for its schools. The SVSU, in conjunction with school teams, should develop a framework for the development, implementation, and monitoring of special education services throughout the SVSU schools. The development of the special education strategic plan should be developed in collaboration within the Department of Curriculum and Instruction and should be written in alignment with Vermont's Framework of Standards and Learning, grade expectations, and school action plans for school improvement. The strategic plan should provide procedures to ensure that the department and schools share a similar focus and include coordination of services from the Department of Special Education and the Department of Curriculum and Instruction. The Department of Special Education should collaborate with other school district staff, school administrators, teachers, support staff, and related services personnel to identify issues that lead to the formulation of goals. From these goals, specific actions should be established for developing and meeting goals of improved effectiveness and efficiency services, such as collaborative instruction between general education and special education staff; standards based instruction; benchmark assessment; accommodations; and staffing. All staff should be involved in the establishment of focused professional development and training based upon the needs of the individual and SVSU, such as the literacy initiative. The strategic plan should be based on an analysis of needs and special education program and student data. The SVSU should provide schools with appropriate resources for the collection of student data to document adequate academic performance of students with disabilities. The SVSU should establish a process to develop and meet goals for improving effectiveness and efficiency of all programs and services. The annual staff development and training plan should include goals and objectives that are directly related to school needs and individual staff certification requirements. It is recommended that employees continue to be surveyed regarding these needs and requirements within SVSU and within individual school districts. Finally, the scope and sequence time line of training and educational support activities should be designed collaboratively among all special education and related services staff members.

Follow-up Date 10/31/2012

Status Partially Implemented

Implementation Date 12/15/2011

Review Comments The SVSU administrative team determined that a Special Education strategic plan including goals, objectives and evaluation should not be developed as a separate plan from the comprehensive SVSU Strategic Plan. However, the Special Education Director has been involved in multiple Board meetings and activities along with all SVSU administrators to assure that the needs of students with disabilities are included and addressed through the SVSU goal setting process and will continue through the process of revisiting values and mission and the formation of action steps to approved goals.

Recommendation Number: 2.10

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should consider developing an academic acceleration model Board policy and program plan.

Follow-up Date 10/31/2012

Status

Implementation Date 10/31/2012

Review Comments Policy 6350 continues to guide acceleration. SVSU has invested in Compass Learning Odyssey a self paced on line instructional program which allows parental and teacher access and tracks individual student leveling

Recommendation Number: 2.11

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should link after-school activities to the specific skills deficits of participating students. The SVSU should work with the schools to better utilize the extended learning program for providing additional support to students who demonstrate deficits in academic skills. There should be a direct link to academic activities in after-school programs and the academic needs of the participating students.

Follow-up Date 10/31/2012

Status

Implementation Date 10/4/2012

Review Comments SVSU 21st Century Learning Communities grant for use in schools with the highest poverty requires connections to classroom instruction, and SVSU has had an increase in their Supplementary Educational Services participation. Every program at the four schools ( 3 elementary schools and 1 middle school) requires unit lesson plans for the 8 week program. A total of 120 school days of programs. Required template includes reference to the state content standards and the SVSU lesson plan format to assure continuity and adherence to classroom expectations. The tutoring program and homework help program are linked to the deficits identified by the teachers.

Recommendation Number:	2.2
Recommendation:	The Southwest Vermont Supervisory Union (SVSU) should continue to develop the Response to Intervention tiered intervention model and strengthen education support teams in the schools. The SVSU should provide support to educational support teams and early intervening services (Response to Intervention) to students in the general education setting. The SVSU should also ensure that the school administrators are held accountable for the implementation and documentation of effective educational support teams and early intervening services that are required by state and federal regulations. The Department of Curriculum and Instruction should assume the lead in working with school-based teams with support from staff in the Department of Special Education.
Follow-up Date	10/31/2012
Status	Partially Implemented
Implementation Date	10/4/2012
Review Comments	<p>The development and use of response to intervention (RTI) in the schools within SVSU is a function of general education. The Vermont Department of Education has provided resources and information on their website regarding how schools may develop this system for all students. Some of the schools have begun to explore and implement components of RTI.</p> <p>The VT DOE Rules and Regulations for Special Education state that the LEA shall determine if RTI or a Discrepancy Model will be used to determine if a student is eligible for special education. At this time, since SVSU does not have any schools within the SVSU implementing RTI with fidelity, the Special Education Director has determined that a Discrepancy Model will be used for eligibility determinations.</p> <p>The EST, which is part of the ESS in all schools, is required by Act 230/157. The building Principals are designated to be the leaders in the development and oversight of this system. The Special Ed Director has provided information and resources for individual buildings to follow the mandated requirements. Some Medicaid funding and Act 230/BEST funding has been allocated to provide resources and services for individual schools.</p>

**Recommendation Number:** 2.3

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue staff development for school administrators regarding special education regulations and compliance with federal law. The SVSU should develop staff development plans for school administrators regarding special education rules and regulations.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU has provided training in special education law and education law. Administrators and other staff have attended legal training and school law updates offered through the University of Vermont and the Department of Education.

**Recommendation Number:** 2.4

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should establish a co-teaching model of inclusive education for students with disabilities who do not require a more restrictive setting. The SVSU should consider establishing a co-teaching model of inclusive education and should work with school administrators to move from the traditional resource model to a more inclusive, co-teaching model at all grade levels. The SVSU should ensure that all schools are effectively providing appropriate inclusive education to students with disabilities. School administrators should work with the director of Special Education to ensure that co-teaching is established and effective in increasing the academic performance of students with disabilities.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The Special Education Director has gathered information and purchased resources to provide training for implementation of Co-Teaching models. SVSU has received planning information from other Supervisory Unions in VT who have Department of Education (DOE) approved Co-Teaching Plans. An SVSU Co-Teaching Plan has been drafted and will be submitted to the DOE for approval in November 2012. A cost benefit analysis is contemplated as there is the anticipation of either reduced or increased costs with the implementation of such a model.

Recommendation Number: 2.5

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should ensure that the local education agency representative participates in the Individual Educational Program meetings at the school level. The SVSU should ensure that an administrative staff member or designee serve as the LEA representative on the IEP team and should further ensure compliance with state and federal regulations regarding LEA representative's participation in the IEP meeting. The SVSU should further ensure that school administrators are knowledgeable of the special education compliance procedures regarding the IEP meetings and required IEP team members. Schools that fail to maintain compliance with IDEA regulations regarding the IEP team and development of IEPs should be held accountable through the administrative evaluation process.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The MGT recommendation reflected evidence gathered at the time of the audit. During the recommendation followup, the SVSU provided evidence that the local education agency representatives participated in IEPs during the period covered by the audit.

Recommendation Number: 2.6

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should continue its efforts to improve successful post-secondary transition of students with disabilities. The schools should actively pursue participation from the Career Development Center and key agencies within SVSU to better assess, plan, and successfully transition students to post-school services. The SVSU should also consider incorporating self-advocacy training for students as a component of transition services.

Follow-up Date 10/31/2012

Status

Implementation Date 10/4/2012

Review Comments During the 2010-2011 School year, SVSU was subject to monitoring by the VT Department of Education (DOE) regarding Indicator 13 of the State Performance Plan - A total of 20 current Transition plans were submitted quarterly to the DOE for compliance monitoring. Training from the VT DOE was provided during the year if individual student plans were found to be out of compliance. On the final quarter submission, the Transition plans were found to be 100% in compliance.

**Recommendation Number:** 2.8

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should upgrade all computers and software for teachers to allow full utilization of an electronic system for development and monitoring IEPs and special education compliance.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 8/1/2012

**Review Comments** With the use of American Recovery and Reinvestment Act (ARRA) funding, a complete technology audit was completed. Over a two year period, all technology was replaced or upgraded. The SVSU Special Education department continues to employ a part time technician to oversee the technology needs for teachers and students with disabilities.

**Recommendation Number:** 2.9

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to develop alternatives to the overreliance on paraprofessionals and expand proactive models for special education service delivery. The SVSU's Department of Special Education should work with school administrators to revise the guidelines for IEP teams to determine the need for paraprofessional support for individual students with disabilities. The Department of Special Education should also work with school administrators to develop a plan to expand proactive models for special education service delivery.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 8/1/2012

**Review Comments** The need for paraprofessionals continues to be discussed by administrators, teachers and parents. In August 2012, the SVSU Special Education Department implemented a model of Special Education Building Facilitators who have the responsibility for oversight of paraprofessionals in buildings. This model will allow for current, accurate, and adequate use of paraprofessionals, and the ability to assign resources appropriately. Also, a formalized process was put in place in the fall of 2012 to address the increased requests for additional paraprofessionals.

**Recommendation Number:** 3.1

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue the efforts of the SVSU curriculum committees to review, revise, and align the SVSU core content curriculum guides with state and national content standards by 2012. The SVSU should continue to implement the curricular review process and curriculum committee efforts.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU has undertaken the necessary steps to date to begin the alignment of content curriculum guides with state and national content standards. The schedule is on-going dependent upon state standards.

**Recommendation Number:** 3.10

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to collect best practices and resources to disseminate to all schools in the SVSU utilizing the existing professional learning community Web sites. Best practices research and resources should continue to be shared and discussed as required in the new learning part of each SVSU PLC agenda. Principal meeting agendas should specifically include time to talk about and share best practices that are taking place in the schools. Principals should also create opportunities for themselves and their teachers to visit successful classrooms in their schools and in others within SVSU. The SVSU should also include a place to note observed best practices on a classroom observation form as one simple way to begin the best practice collection and dissemination process.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 11/1/2011

**Review Comments** SVSU has made efforts since 2010 to date of providing member district schools with best practices and resources regarding use of Professional Learning Communities.

**Recommendation Number:** 3.2

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to provide professional development and technical assistance to school administrators and teachers regarding the use of data for progress monitoring and instructional planning and delivery. The SVSU should continue to work with school data teams in the utilization of student performance data for progress monitoring and instructional planning. School administrators should oversee the process in the schools and document the benefits to students and staff.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 6/1/2011

**Review Comments** SVSU has provided necessary and appropriate professional development and technical assistance to staff.

**Recommendation Number:** 3.3

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to develop curriculum guides, pacing of instruction, and procedures for monitoring student progress that are aligned with the National Core Standards and the Vermont Department of Education's Grade Expectations.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 6/30/2012

**Review Comments** The Smarter Balance Assessment Consortium (SBAC) is developing a new state assessment that will go into effect in 2015. The SVSU must wait until SBAC completes its tasks. Curriculum revisions complete in literacy and mathematics to common core state standards.

Recommendation Number:

3.4

Recommendation:

The Southwest Vermont Supervisory Union (SVSU) should proceed with the SVSU curriculum committee selection of instructional materials consistent with the recommendations and time lines provided by the Vermont Department of Education. The SVSU should continue to support the curriculum committees in the revision of the curriculum guides, their alignment with the National Core Standards and the Vermont Department of Education's Grade Expectations, pacing of instruction, and the selection of instructional materials. Further, SVSU should continue to provide professional development and technical assistance to school administrators, teams, and teachers in standards-based instruction and full implementation of the revised curriculum guides.

Follow-up Date

10/31/2012

Status

Partially Implemented

Implementation Date

10/4/2012

Review Comments

The SVSU purchased core curricular materials and has introduced structural and phonetic aspects of language through the purchase of Foundations materials grades K through 3 and the expansion of grade level and parent lending libraries. The Vermont Department of Education has signed on to Common Core State Standards and will be most likely revising their guidelines concerning materials in the future. SVSU Curriculum Policy #6000 outlines the supervisory union curriculum design cycle (research, writing, resource selection, pilot, implementation, evaluation). The Vermont Department of Education does not provide timelines for selection, nor does it mandate the use of specific instructional materials.

Recommendation Number:

3.5

Recommendation:

The Southwest Vermont Supervisory Union (SVSU) should develop written procedures to clearly define the role of the school administrator as the instructional leader of the school.

Follow-up Date

10/31/2012

Status

Partially Implemented

Implementation Date

8/1/2012

Review Comments

In August of 2011 the Superintendent established an SVSU Leadership Team of central office and school administrators. In September 2012 the recently hired Assistant Superintendent established a Principals only book study group Leading Change in Your School ( Doug Reeves ASCD 2009 ). This book study group responds to administrators' requests for professional development and will result in a clarification of role and definition of the Principal as Instructional Leader in their schools. Written procedures are not applicable to such leadership; however, since SVSU is completing the revision of the teacher evaluation system it will be turning its efforts to the revision of the Principals evaluation system which will include a section on school instructional leadership.

**Recommendation Number:** 3.6

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should revise the teacher and school administrator evaluation system to align with the state and federal requirements of school improvement and adequate yearly progress of students.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** After more than a decade of attempts to revise the teacher evaluation system, a committee charged with this revision in 2011-12 has completed its work. Orientation to the new system is occurring in the Fall of 2012 with a first year of implementation. SVSU will be revisiting and tweaking in the spring of 2013 for full SVSU Board approval in the Summer of 2013. This new teacher evaluation system followed the State of Vermont guidelines for teacher evaluation. The Vermont guidelines are based on those from the federal government. The construction of a Principal evaluation system will begin in the spring of 2013.

**Recommendation Number:** 3.7

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to support local district schools in the development of comprehensive action plans based on the Vermont Department of Education's school action plan template and guiding documents; and consider creating one school plan that incorporates the elements of the Vermont action plan and the Title I school-wide plan.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU cannot mandate the use of a single plan by member districts. Assistance has been provided as requested. Comprehensive action plans are in place for each of the schools. Schools in the First year of school improvement and those in restructuring under the annual yearly progress (AYP) determination of No Child Left Behind (NCLB) have Department of Education indicators which must further guide the revision of their action plans.

**Recommendation Number:** 3.8

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to provide advisement and technical assistance to school districts regarding the alignment of professional development and financial resources to the goals and objectives of school action plans. The SVSU staff should further support school districts in the alignment of professional development strategies and identification of fiscal and human resources for achieving school and school district goals required in School Quality Standards.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU cannot mandate the use of a single plan by member districts. Assistance has been provided as requested.

**Recommendation Number:** 3.9

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue to support participating school districts in establishing the organizational structures and supportive leadership necessary to build and sustain Professional Learning Communities in the schools. The SVSU should work with school administrators to create plans and establish supportive leadership for sustaining organizational structures, as well as building and sustaining the PLC model in all of the schools.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 11/1/2011

**Review Comments** SVSU has provided leadership since 2010 to member district schools in the development and implementation of Professional Learning Communities.

**Recommendation Number:** 4.1

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should update its human resource policies and present them to the Board for approval. The SVSU should ensure that it is annually reviewing and updating its human resources (HR) policies and procedures to make certain that the policies reflect the most current and relevant practices. The SVSU should present the policies to the Board for approval and document when the policies are reviewed and updated. The SVSU also needs to review its HR policies periodically and ensure that these comply with required and recommended best practices.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** The HR policies have not been updated. SVSU is in the process of hiring a professional Human Resource Director. Revision of all policies pertaining to human resources will be part of the scope of responsibility of new hire.

**Recommendation Number:** 4.2

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should ensure that its job descriptions are updated and include dates to indicate when they were last created or reviewed. The SVSU should also include periodic reviews and updates of all job descriptions to ensure these remain consistent and match current job requirements.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** Not all job descriptions have been updated. Job descriptions are updated as relevant to need and will become a systematic process when the professional Human Resources Director is hired.

Recommendation Number: 4.3

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should ensure that it has a consistent process for making certain that its administrator contracts are reviewed by legal counsel prior to finalization.

Follow-up Date 10/31/2012

Status

Implementation Date 10/4/2012

Review Comments The Administrative Union negotiated a new Collective Bargaining Agreement and legal counsel was consulted throughout the finalization of the agreement. Also, the SVSU board chair has created a new SVSU Board personnel committee which will meet for the first time on October 18th. They will be reviewing administrative individual contracts following a review by legal counsel.

Recommendation Number: 4.4

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should create policies and procedures aligned with best practices and recommendations of the Vermont School Board Association related to recruitment, selection, and hiring staff.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The Manual of Hiring Practices has not been updated since 2006. However, it is scheduled to be updated upon the hire of a professional Human Resources director

**Recommendation Number:** 5.1

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consider moving human resources and grants management and data and state reporting under the Business Office. The Medicaid clerk should also move to the Business Office, but will need to have a dotted line relationship with the Special Education lead.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The SVSU considered the recommendation as weighed against its needs. The SVSU has moved the financial portion of grants management to the Business Office.

The Superintendent has recommended the retention of the Human Resources Director as a direct report to the Superintendent because of the policy and disciplinary/termination personnel matters which are the Superintendent's responsibility in processing as appropriate through the respective employing boards.

**Recommendation Number:** 5.10

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consider converting to semi-monthly payroll processing instead of biweekly.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** The 2011 collective bargaining agreements did not include a semi-monthly payroll processing instead of bi-weekly processing. This will need to be negotiated in the next contract. However, during the last negotiation process, the clause regarding paying employees before a school vacation was removed, and SVSU has a "true" bi-weekly payroll.

**Recommendation Number:** 5.11

**Recommendation:** The state of Vermont Legislature should consider allowing employers to pay employees monthly.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** This recommendation is to the Vermont Legislature and not to the SVSU.

**Recommendation Number:** 5.12

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue its efforts to increase the number of staff paid through direct deposit. The SVSU should prepare and disseminate an all-staff memo to educate staff of the potential benefits of direct deposit such as better security, the potential for faster funds clearance, and savings for SVSU. Further, SVSU should require all staff to provide a written request and justification if they desire not be paid through direct deposit. In essence, SVSU should create a process to get written consent to pay all employees through automatic deposit and an "opt out" process for those desiring not to participate. The SVSU could also work with local banks or credit unions regarding the possibility of providing free checking account services to employees who have their paychecks deposited electronically into the account.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 7/1/2012

**Review Comments** The new collective bargaining agreement requires direct deposit. Although the contract was signed in December of 2011 and retroactive back to July 1, 2011, the district did not enforce this until July 1, 2012. Currently 90% of all employees are paid via direct deposit.

**Recommendation Number:** 5.13

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consider using purchasing co-operatives outside SVSU, such as with other supervisory unions, school districts, and/or the state, to reduce prices paid for goods and services.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU continues to search out cooperatives whenever possible. To date SVSU has experienced that it can negotiate better pricing than the state contract. SVSU is currently analyzing the SVSU being included in a multi state-wide technology purchase.

**Recommendation Number:** 5.14

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should allow boards to approve some payments on a consent agenda. The SVSU should be able to make vendor payments up to a threshold (such as \$5,000 maximum), and pay staff reimbursements upon approval of the line and business managers, and then have the board approve later on a consent agenda (to reduce up to 90-day lag in reimbursements and late payments).

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU and member districts have instituted consent agendas

**Recommendation Number:** 5.15

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should implement a procurement card program for the schools and Central Office executive managers. The SVSU should consider a threshold, such as \$500, for items to be considered low-dollar purchases and made with a P-card. The SVSU should explore options for implementing a P-Card program with controls that have been established as best practices, and are designed to support the desired purchasing environment.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The SVSU Business Office has issued 2 purchase cards on a trial basis. The Family Consumer Science teacher at the middle school and Library at the high school has one.

**Recommendation Number:** 5.16

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consider sharing staff with other supervisory union business offices to handle nonstandard peak workloads or using overtime or temporary staff as needed for peak workloads.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 7/1/2012

**Review Comments** The SVSU has entered into an agreement with another supervisory union to handle their financial services for the past 2 years.

Recommendation Number: 5.17

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should hire an additional Medicaid clerk.

Follow-up Date 10/31/2012

Status

Implementation Date 7/1/2011

Review Comments In July of 2011 a Medicaid clerk was hired. Claims were handled more efficiently and the revenue that was generated totaled \$13,896.25.

Recommendation Number: 5.18

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should implement a Medicaid eligibility and claims tracking and monitoring system and enforce internal compliance with Medicaid program needs. The system should provide for procedures pertaining to nonresponsive parents and teachers and for elevating issues to ensure the best possible resolution with parents, and ensure compliance of teachers.

Follow-up Date 10/31/2012

Status

Implementation Date 12/1/2010

Review Comments SVSU has begun to track and implement a monitoring system.

Recommendation Number: 5.2

Recommendation: The Southwest Vermont Supervisory Union (SVSU) and districts should align its budgets with strategic plan(s) once it updates its strategic plan(s).

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments No strategic plan to date. Please reference goal setting in section 1. Please note that SVSU does not have authority over the member districts to assure compliance.

Recommendation Number: 5.3

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should implement a formal budgeting process for Medicaid funds.

Follow-up Date 10/31/2012

Status

Implementation Date 3/1/2012

Review Comments A formal plan has been implemented. For FY13, Building Principals submitted requests in the fall of 2011. Staff reviewed and prioritized the requests with the Directors. The Chief Financial Officer formally budgeted FY13, based on anticipated revenue and prioritized expenditures.

Recommendation Number: 5.4

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should document and implement formal performance measures for the Business Office.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The Business Office has used success of passing budgets and annual audits without finding as the performance results.

Recommendation Number: 5.5

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should document and implement formal procurement, surplus property, and accounting policies and internal controls along with detailed budget procedures. The SVSU should undergo a complete policy and procedure review and develop a plan and list of responsible parties for developing needed policies and procedures.

Follow-up Date 10/31/2012

Status

Implementation Date 10/4/2012

Review Comments Each individual district has a formal budget process, although no district has the same process. The internal controls for each district are largely the same, validated through the auditing process, and are in the process of being updated.

**Recommendation Number:** 5.6

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consolidate all school districts and the supervisory union by converting into a single entity--a supervisory district--with one treasurer and governing board.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** The RED Study of 2011-2012 was discontinued and abandoned. Further, the SVSU has no authority to compel consolidation of school districts into a single supervisory district.

**Recommendation Number:** 5.7

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue its efforts to implement all BudgetSense modules. The SVSU should continue its efforts to fully implement and utilize all modules and features of the BudgetSense application (accounts receivable, online timecards, performance metrics, etc.).

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 6/30/2012

**Review Comments** Fixed assets as well as the Budgetsense web portal are fully functional. The human resources (HR) module has not been implemented at this time. Once a new HR Director is hired this task will be undertaken. The personnel portal is in limited use and is expected to expand.

**Recommendation Number:** 5.8

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should enforce payroll deadlines. To achieve efficiencies, SVSU should ensure it is communicating with staff regarding the importance of payroll deadlines; and creating an accountability structure that tracks staff who miss the deadline and that includes making those who miss the initial Thursday payroll deadlines more than once per year wait for the next regular payroll run.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU employees submit required documentation for meeting payroll deadlines and some member district employees are meeting deadlines. However, the SVSU does not have authority over personnel in member districts in order to enforce payroll deadlines.

**Recommendation Number:** 5.9

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should strive to improve internal communications and accountability. The SVSU should conduct staff focus groups to identify mechanisms and an action plan for improving communication. The SVSU should create a formal and consistent process for communicating important information to staff and also consider utilizing its Intranet and BudgetSense home pages for staff communication. The SVSU should include a formal mechanism for staff to communicate with the Central Office on matters that affect employment and pay. Identifying contact persons for specific issues and establishing response timeframe goals (such as 24 hours), and monitoring the attainment of the goals are effective ways to improve customer service and communications. To ensure compliance, SVSU should counsel or discipline staff who do not adhere to the new communication plan and goals.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The original recommendation focused on accuracy of payroll submissions by member district personnel. The SVSU has provided records of 8 months with no discernible errors.

**Recommendation Number:** 6.1

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should consolidate custodial and maintenance functions throughout SVSU and develop a staffing plan based on industry standards.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** No changes/consolidations in the custodial and maintenance functions throughout SVSU and member districts. The Business Office continues to discuss and analyze this recommendation. There is no resolution at this time.

It should be noted that the SVSU does not have authority to implement such a plan in its member districts.

Recommendation Number: 6.2

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should develop and implement a comprehensive, long-range facility master plan.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The SVSU does not have domain over the member districts and their use of facilities. Therefore, a long-range plan has not been developed. It should be noted that the SVSU does not have authority to implement such a plan in its member districts.

Recommendation Number: 6.3

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should create prekindergarten programs in the Pownal, Bennington, and Woodford schools.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The SVSU does not have domain over the member districts and their use of facilities. Neither Pownal nor Woodford have established pre-kindergarten programs to date. However, serious conversations have begun about participation in Act 62. Bennington has established a pre-kindergarten program under Act 62 and received a \$135,000 grant and a \$30,000 grant to assist in the implementation process.

Recommendation Number: 6.4

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should rezone all 6th grade students to Mount Anthony Union Middle School.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments The SVSU does not have authority to change enrollment structures of member districts. There have been no changes to the grade structures of the elementary schools and the 6th grade enrollment at MAUMS. An advisory question on the MAU ballot in the Spring of 2012 clearly indicated a continued preference for grade 6 students in other than the Bennington School district to remain in their districts. Consequently the MAU board is considering the elimination of this goal from their board goals. This will also spur on the possible integration of the Bennington grade 6 students into the middle school structure.

**Recommendation Number:** 6.5

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should provide a choice option for all kindergarten through 5th grade students from Woodford Elementary School, close Woodford as an operating elementary school, and explore the feasibility of converting Woodford to an alternate-use facility such as a prekindergarten center, library, or community center. The SVSU should rezone all kindergarten through 5th grade students at Woodford Elementary School to Bennington or Monument Elementary schools to better utilize school district facilities.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** SVSU does not have the authority to make such a decision, only the taxpayers of Woodford School. The Superintendent has supported the continuation of the Woodford Hollow School. Choice has not been offered as an option.

**Recommendation Number:** 7.1

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should continue outsourcing food services. According to the business manager, SVSU has outsourced food service operations for many years with several contractors.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** SVSU and all constituent member districts continue to outsource their food services.

**Recommendation Number:** 7.2

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should administer satisfaction surveys regularly so school food advisory councils have ongoing feedback regarding food service.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 6/30/2011

**Review Comments** The SVSU and the Abbey Food Services Group has administered satisfaction surveys in 2011 so that the food advisory councils have on-going feedback.

Recommendation Number: 7.3

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should seek to increase student breakfast participation.

Follow-up Date 10/31/2012

Status

Implementation Date 6/30/2011

Review Comments The Abbey Group, in cooperation with the SVSU Business Office, has continually tried in increase participation in various ways, such as making more choices available and offering free breakfast promotions.

Recommendation Number: 7.4

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should increase the cost of its elementary student lunches by \$0.25 per meal and secondary lunches by \$0.20 per meal.

Follow-up Date 10/31/2012

Status

Implementation Date 7/1/2012

Review Comments In July of 2012, the SVSU Board approved an increase of 10 cents per meal, and will continue to gradually increase meal prices.

Recommendation Number: 7.5

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should increase the cost of its adult lunches by \$0.25 per meal.

Follow-up Date 10/31/2012

Status

Implementation Date

Review Comments As of June 2012 the cost of adult breakfast is \$1.50 and the cost of lunch is \$3.25., There has not been an increase in pricing.

Recommendation Number: 8.1

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should hire a new director of Technology as soon as possible.

Follow-up Date 10/31/2012

Status

Implementation Date 6/23/2012

Review Comments The former Director of Technology retired June 2010. The position was left vacant for the 2010-2011 school year. A former English teacher at MAUHS was hired on 10/2011 to serve as an Interim. On June 23, 2012 the Interim was hired as the permanent Director of Technology.

Recommendation Number: 8.2

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should establish technology competency standards as part of teacher requirements, and provide technology training for teachers. The SVSU should establish standard or minimum levels of technology expertise within the job descriptions for teachers and that are required as part of the screening/hiring of prospective teachers.

Follow-up Date 10/31/2012

Status

Implementation Date 6/30/2011

Review Comments The SVSU has adopted the International Society of Technology in Education (ISTE) standards for teachers, as indicated in the SVSU 2011-2013 Technology Plan. However, these standards are not currently a requirement for teaching in the SVSU or its member districts. The SVSU has not set technology standards as part of teacher requirements for those teachers that the SVSU hires. The member districts have not set technology standards as part of teacher requirements.

The SVSU provides many opportunities for teachers to enhance their technological skills, including local workshops, stand-alone courses, and courses that lead to certificates or degrees.

**Recommendation Number:** 8.3

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should develop a time line and guidelines for updating the SVSU Web site.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 9/1/2011

**Review Comments** The SVSU Website was updated when SVSU transitioned from SchoolCenter as the Website host service to Websites and More, which currently hosts and services the Website. The site construction was ongoing throughout the 2010-2011 school-year, and was fully in place at the beginning of the 2011-2012 school-year.

**Recommendation Number:** 8.4

**Recommendation:** The Southwest Vermont Supervisory Union (SVSU) should formally evaluate the net books initiative and determine the educational value of this technology.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date**

**Review Comments** The net book initiative has not been formally evaluated as of this date. There is some anecdotal information regarding student engagement and use of online resources. The new Director of Information Technology plans to evaluate the initiative in order assure that there is educational value and continuity to the high school level. This evaluation is planned to be completed in 2013.

**Recommendation Number:** 9.1

**Recommendation:** The Pownal School District should utilize and seek inclusion within the master transportation services contract.

**Follow-up Date** 10/31/2012

**Status**

**Implementation Date** 10/4/2012

**Review Comments** The SVSU presented the efficiencies available through inclusion within the master contract. Pownal continues to operate its own bus fleet for its elementary students.

Recommendation Number: 9.2

Recommendation: Pownal School District should sell unused school buses once it implements recommendations to join in the Southwest Vermont Supervisory Union's (SVSU) master transportation services contract.

Follow-up Date 10/31/2012

Status

Implementation Date 10/4/2012

Review Comments The SVSU presented the efficiencies available through inclusion within the master contract. Pownal continues to operate its own bus fleet for its elementary students. Pownal has purchased two new buses to augment its fleet.

Recommendation Number: 9.3

Recommendation: Include the Shaftsbury School District in the Southwest Vermont Supervisory Union (SVSU) master transportation services contract.

Follow-up Date 10/31/2012

Status

Implementation Date 7/1/2011

Review Comments As of April 2011, Shaftsbury agreed to consolidate their student transportation within the SVSU master agreement, beginning on July 1, 2011.

Recommendation Number: 9.4

Recommendation: The Southwest Vermont Supervisory Union (SVSU) should procure an outside contractor to provide transportation services for students with disabilities and/or in special situations.

Follow-up Date 10/31/2012

Status

Implementation Date 7/1/2010

Review Comments Onsite review of SVSU contract with external contractor to verify the July 1, 2010 plan/implementation.

Audit Number 10-2

Audit Name Internal Control Weaknesses Expose the State to Improper Payments.

Report Date 6/4/2010

Recommendation Number: 1

Recommendation: The Department of Finance and Management (F&M) should strengthen the process to ensure compliance with F&M guidance, internal control standards, and best practices. Consider (1) establishing A/P user manual, (2) creating A/P user group, (3) providing additional training, and (4) increasing monitoring and enforcement of applicable guidance.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments The recommendation was primarily about ensuring compliance. No evidence was provided of steps taken to ensure or improve compliance.

Recommendation Number: 2

Recommendation: The Department of Finance and Management (F&M) should modify the current VISION user access control practice to restrict the same individual from both entering and approving vouchers.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments Finance & Management reported that this recommendation has not been implemented.

Recommendation Number: 3

Recommendation: The Department of Finance and Management (F&M) should develop and implement standard policies and procedures for approving, maintaining, and monitoring vendors.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments No policy/procedure has been implemented. Department of Finance & Management reports that vendors not used for 2 years are now inactivated in an annual process, but we have received no process documentation, and this is a small part of an overall vendor maintenance process.

Recommendation Number: 4

Recommendation: The Department of Finance and Management (F&M) should develop measures to prevent users from unauthorized circumvention of VISION duplicate voucher checking controls.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments No specific measure mentioned and no evidence offered.

Recommendation Number: 5

Recommendation: The Department of Finance and Management (F&M) should consider alternative methods for identifying prior year invoices at the end of the fiscal year other than using "PY" in the invoice number field.

Follow-up Date 12/31/2012

Status

Implementation Date

Review Comments Finance & Management reported that this recommendation has not been implemented.

Recommendation Number: 6

Recommendation: The Department of Finance and Management (F&M) should review the feasibility of utilizing the audit trail function in VISION to assist with voucher monitoring.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments Finance & Management reported that this recommendation has not been implemented.

Recommendation Number: 7

Recommendation: The Agency of Transportation (AOT) should review the design of duplicate voucher checking internal controls in its feeder system and consider (1) the criteria used to flag potential duplicates, (2) when vouchers should be flagged as potential duplicates and (3) the level of review needed to address flagged transactions.

Follow-up Date 12/31/2014

Status

Implementation Date

Review Comments No change to the criteria used to flag potential duplicate invoices. Level of review was defined in Procedure: Duplicate Payment Review.

Recommendation Number: 8

Recommendation: The Agency of Transportation (AOT) should develop a process to review utility transactions to identify potential duplicate payments.

Follow-up Date 12/31/2012

Status

Implementation Date 7/8/2010

Review Comments Described in Procedure: Duplicate Payment Review.

Recommendation Number:	9
Recommendation:	The Department of Labor (DOL) should implement procedures to ensure that correct vendor ID's are entered during voucher processing in the DOL feeder system and consider modifying the entry screen to allow the vendor name to be viewed during data entry.
Follow-up Date	12/31/2012
Status	<input type="text" value="Implemented"/>
Implementation Date	8/27/2012
Review Comments	Implemented exactly per recommendation.

Audit Number 10-3

Audit Name Result of Review of VISION Payments Made during 2007 and 2008  
Report Date 6/4/2010

Recommendation Number: 1

Recommendation: The Department of Finance and Management should direct departments to collect any unrecovered improper payments identified.

Follow-up Date 12/31/2012

Status Partially Implemented

Implementation Date 1/19/2012

Review Comments The Agency of Transportation has reviewed the list of payments provided, but is unable to determine if the last few payments were ever recovered and has made a management decision not to investigate it further. There is no expectation of future action.

Recommendation Number: 2

Recommendation: The Department of Finance and Management should consider using VISION queries to make algorithms such as those that we ran available to departments, so that they may occasionally conduct their own reviews.

Follow-up Date 12/31/2012

Status Not Implemented

Implementation Date

Review Comments No evidence of implementation was provided.

Audit Number 10-4

Audit Name Vermont Employment Growth Incentive: Performance Audit of Claims Review Process

Report Date 8/23/2010

Recommendation Number: 1

Recommendation: The Department of Taxes (DOT) should develop written procedures and controls over the activities required in the event recapture of a prior payment is required.

Follow-up Date 6/27/2012

Status

Implementation Date 2/9/2012

Review Comments DOT has updated its written procedures to include the processes involved once a claim has been identified for recapture as defined in 32 V.S.A. §5930b(c)(9-11) and 32 V.S.A. §5930b(d). Included in the procedures is the process to initiate notification of the supervisor and Tax Department management responsible for review of potential incentive recaptures.

Recommendation Number: 2

Recommendation: The Department of Taxes (DOT) should develop written standards for the level of data validation that should be performed over information submitted by claimants in order to support approval or denial of a claim.

Follow-up Date 6/27/2012

Status

Implementation Date 2/1/2011

Review Comments DOT has written standards for data validation and procedures for reviewing the information submitted by claimants, including a sampling program for reviewing the payroll data for large employers, but the procedures could be strengthened regarding the data validation process for qualifying capital investment claims.

Recommendation Number: 3

Recommendation: The Department of Taxes (DOT) should implement additional controls surrounding management review to ensure systematic review of the tax examiner's work. These should include documenting when supervisory review is required and developing mechanisms to evidence supervisory review.

Follow-up Date 6/27/2012

Status

Implementation Date 2/1/2011

Review Comments We reviewed DOT's updated procedures and noted that a VEGI claim checklist was created which documents both the dates the examiner has completed the steps in the review process and the date the supervisor has reviewed the work.

Audit Number 10-5

Audit Name Sex Offender Registry: Reliability Could Be Significantly Improved

Report Date 6/25/2010

Recommendation Number: 1

Recommendation: The Department of Public Safety (DPS), the Department of Corrections (DOC), and Court Administrator's Office should form a working group to reassess and possibly redesign the processes related to the Vermont Sex Offender Registry (SOR) to include possible system solutions to more effectively and efficiently submit information to the SOR.

Follow-up Date

Status Partially Implemented

Implementation Date

Review Comments Per DPS, the working group of DPS, DOC and Court Administration representatives has been convened on multiple occasions on an as-needed basis to discuss technical and operational issues relating to the SOR and VCIC/DOC interface. Although SAO was not provided the exact dates of the meetings, the Director of VCIC recalled two specific meetings - one in late 2010 and another in the spring of 2011. No agendas or minutes of the meetings have been provided.

Recommendation Number: 10

Recommendation: The Department of Corrections (DOC) should explore, in conjunction with the Vermont Criminal Information Center (VCIC), system solutions to submit sex offender registry (SOR) forms electronically.

Follow-up Date 11/5/2012

Status Partially Implemented

Implementation Date

Review Comments Per DOC, there were conversations between DOC and VCIC about the possibility of electronic submission. The result was a decision to send the SOR paperwork via email with read-receipts. DOC's instructions were sent out to the offices and according to the DOC internal review all DOC field offices except one have been sending paperwork to VCIC via read-receipt email.

**Recommendation Number:** 11

**Recommendation:** The Department of Corrections (DOC) should develop a mechanism to identify, and flag in its system sex offenders in DOC custody who are registered, or required to register, with the sex offender registry (SOR) and prompts DOC personnel to submit required information to the Vermont Criminal Information Center (VCIC) as necessary (e.g. the submission of a change of address form when a registered sex offender is sent to a DOC facility.)

**Follow-up Date** 11/5/2012

**Status**

**Implementation Date**

**Review Comments** DOC reiterated that its current system is not amendable to any automation to identify and flag sex offender in the DOC custody. Subsequent to the audit DOC filed a Capital Request for an IT Upgrade. Per DOC, the RFP contained specific requirements for flagging and tracking sex offenders. As of October 24, 2012, the project is on hold pending a review from the Department of Information and Innovation.

**Recommendation Number:** 12

**Recommendation:** The Department of Corrections (DOC) should monitor the effectiveness of the department's new sex offender registry (SOR) directive, particularly whether it results in more accurate and timely data submissions to the Vermont Criminal Information Center (VCIC) and, if not, implement additional mechanisms to achieve this end, such as specialized training in areas of noncompliance.

**Follow-up Date** 11/5/2012

**Status**

**Implementation Date**

**Review Comments** DOC provided the latest versions of DOC Directives #255.01 and #430.10 and security and compliance audit instrument for SOR and Risk Management compliance monthly form for the correctional facilities and for the field offices. DOC performed the audits and summarized data from these two instruments on a quarterly basis to measure a percent of offenders registered with SOR. Per DOC, the Department also conducted two SOR trainings in 2010-2011 with over 180 staff attended. SAO plans to perform further analysis of DOC's monitoring of the Department's data accuracy and timeliness submission to VCIC during the upcoming audit of the Sex Offender Registry.

Recommendation Number: 13

Recommendation: The Department of Corrections (DOC) should develop a process to perform a risk assessment for women sex offenders that would meet the requirements of 13 VSA § 5411b.

Follow-up Date 11/5/2012

Status Partially Implemented

Implementation Date

Review Comments Per DOC, the Department created a process to refer female offenders to the High Risk Review Committee. Specifically, there is a section on the "Sex Offender Review Committee Form High Risk Checklist" for the consideration of female offenders. Per DOC, no female offenders have been referred to the High Risk Review Committee in recent years. As part of the upcoming sex offender registry (SOR) audit SAO will perform a review of the DOC high risk referral process for female offenders.

Recommendation Number: 2

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should review all discharge dates, end registration dates, internet status, and risk assessment and lifetime registrant flags to confirm that the sex offender registry (SOR) accurately reflects supporting documentation and applies the statutory standard. This review should initially focus on those offenders whose records are posted on the Internet and may have their residential addresses added to the site.

Follow-up Date 11/5/2012

Status Partially Implemented

Implementation Date

Review Comments Per DPS, the initial review of the data contained within the SOR involved the review of over 2,200 records in full or part as the following data fields were reviewed: Discharge Dates, End Registration Dates, Lifetime Registration Status, Internet Status and Risk Assessment. As part of that review additional data elements were reviewed including (but not limited to) Age of Victim and Compliance with Treatment. Also, the Date of Photograph was added as part of a technical upgrade to the publically available website. The SAO plans to perform additional work to confirm the implementation of this recommendation during an anticipated reaudit of the SOR after the new SOR system implementation.

Recommendation Number: 3

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should work with the sex offender registry (SOR) system vendor to identify and correct the records of offenders that are shown on the Internet SOR as erroneously having been convicted of more counts than are factual.

Follow-up Date 11/5/2012

Status Partially Implemented

Implementation Date

Review Comments Per DPS, the Department reviewed conviction counts, working with the current SOR management system, and took additional programming steps to minimize the potential for future duplication. The SAO plans to perform additional work to confirm the implementation of this recommendation during an anticipated reaudit of the SOR after the new SOR system implementation.

Recommendation Number: 4

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should perform a requirements analysis for the acquisition or development of a new sex offender registry (SOR) system or redesign that includes, at a minimum, (1) improved electronic communication with DOC and the Courts, (2) a more robust set of edits, (3) an audit trail, (4) features in which the system automatically performs or prompts the user to take actions that are currently performed manually, such as the calculation of the end registration date, and (5) improved security features.

Follow-up Date 11/5/2012

Status Partially Implemented

Implementation Date

Review Comments Per DPS, the Department performed a review of the offender management database prior to issuing RFP. Based on the review of the DPS's RFP for a new system, we noted that:

(1) RFP Technical Requirements Section 3.11 contains a request to maintain status-quo custom interfaces (Sec. 3.11.10) with NCIC, Internet SOR and VT Criminal History. No enhancements were requested for a Court (Criminal History) interface. An interface with DOC was not requested either.

(2) RFP Functional Requirements Sections 3.10.12 and 3.10.14 contain provisions regarding duplicate entries for some identifiers, such as FBI or SSN numbers, and name duplication. In addition, section 3.10.4 includes use of reference tasks for validation purposes.

(3) RFP Technical Requirement Section 3.11.8 contains Transaction Logging and Dissemination Logging requirement for maintenance of an audit log for at least 3 years.

(4) RFP Functional Requirements Sections 3.10.15 contained requirements for "calculated fields" with the example of a registration expiration date. Confirmation that these requirements were included in the new SOR will be performed in our anticipated audit in early 2013.

(5) Secondary controls are required: 3.10.7 -- backups; 3.10.8 and 3.11.5 - access controls and 3.11.6 - encryption.

Recommendation Number: 5

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should develop performance standards for the timely entry of data into the sex offender registry (SOR) and periodically assess whether these standards are being met.

Follow-up Date 11/5/2012

Status Not Implemented

Implementation Date

Review Comments Per DPS response, VCIC has not yet implemented the updated SOR management system and thus have not yet developed a specific goal concerning timely entry of data into the system. VCIC plans to establish timely data entry targets, once the system is brought online.

Recommendation Number: 6

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should modify the sex offender registry's (SOR) procedures to include all SOR functions and documentation retention standards, including requirements to retain the results of the "sweeps" conducted by law enforcement when they physically check the residences of sex offenders.

Follow-up Date 11/5/2012

Status

Implementation Date

Review Comments DPS indicated that VCIC procedures are still being reviewed to reflect all changes in relation with the new system implementation. A copy of the most recent procedures provided to SAO did not reflect any changes. No other documentation was provided by VCIC to evidence any procedural changes.

Recommendation Number: 7

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should develop a process to identify and track the treatment progress of offenders that are no longer under Department of Corrections (DOC) supervision.

Follow-up Date 11/5/2012

Status

Implementation Date

Review Comments Based on the documentation provided by DPS, no processes or procedures have been developed to identify and track treatment progress for those sex offenders who are no longer under DOC supervision.

Recommendation Number: 8

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should add the date the offender's photograph was last updated to the Internet sex offender registry (SOR) records.

Follow-up Date 11/5/2012

Status

Implementation Date

Review Comments SAO reviewed 30 records of sex offenders posted on the SOR website and identified 28 records with the dates of the last update posted, one record with no date posted and one record containing a date that varied from the date printed on the photo itself. The SAO plans to perform additional work to confirm the implementation of this recommendation during an anticipated reaudit of the SOR after the new SOR system implementation.

Recommendation Number: 9

Recommendation: The Department of Public Safety's (DPS) Vermont Criminal Information Center (VCIC) should add the date last verified to the residential addresses posted to the Internet sex offender registry (SOR).

Follow-up Date 11/5/2012

Status

Implementation Date

Review Comments RFP Section 3.10.11 addresses this requirement. The SAO plans to perform additional work to confirm the implementation of this recommendation during an anticipated reaudit of the SOR after the new SOR system implementation.

# Reports Dated 2011-2012

(Recommendation Follow-up Not Started)

Audit Number 11-1

Audit Name Sex Offender Supervision: Corrections' Caseloads Were Largely in Accordance with Statutory Requirements, but Monitoring Tools Could Be Improved

Report Date 1/10/2011

Recommendation Number: 0

Recommendation: The Department of Corrections (DOC) should require probation and parole offices to establish written procedures for updating offender records in the DOC system, which would include responsibilities and standards related to the timely updating of offender records in the system.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1

Recommendation: The Department of Corrections (DOC) should develop criteria for when it is appropriate to assign sex offenders to be supervised by probation and parole officers who do not specialize in sex offender management.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: The Department of Corrections (DOC) should develop a report that tracks and clearly shows whether probation and parole officers' (PO) caseloads are within statutory limitations or modify an existing report to provide such information.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: The Department of Corrections (DOC) should develop and implement system-specific training for field office personnel.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: The Department of Corrections (DOC) should expeditiously devise an implementation strategy for its planned probation and parole officer (PO) training curriculum and the Probation and Parole Officer's Training and Resource Manual, outlining the tasks, milestones, and resources needed for their effective rollout.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 11-03

Audit Name Tax Increment Financing: City of Newport Generally Complied with Statutes But Miscalculated Payments to the State

Report Date 6/30/2011

Recommendation Number: 1

Recommendation: Newport should develop and implement a comprehensive record retention policy for its fiscal and legal documents to ensure that records that have enduring value and relevance, particularly those associated with complex and on-going transactions, are preserved.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: Newport should arrange to pay the \$37,041 owed to the education fund.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: Newport should designate a City official to be responsible for developing, documenting, and implementing a system to calculate incremental tax revenue and determining the appropriate amount of the increment that may be retained by the City according to statutory requirements. Newport should also designate a separate City official to annually review the calculation.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: Newport should designate a City official with the responsibility to annually prepare the required municipal and state reports and designate a separate City official to annually review the reporting.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: Newport should designate a City official with the responsibility to monitor TIF district performance and require that individual to update the actual results for the performance measure that was previously tracked.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 11-5

Audit Name Medicaid: Many Provider Enrollment and Claims Controls in Planc, but Gaps Exist

Report Date 9/15/2011

Recommendation Number: 1

Recommendation: The Department of Vermont Health Access (DVHA) should require all Medicaid providers to periodically undergo reenrollment and restrict the use of “forever” active status end dates to state organizations.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 10

Recommendation: The Department of Vermont Health Access (DVHA) should expeditiously respond to HPES’ request to clarify the reimbursement rates for certified nurse-midwives, certified registered nurse anesthetists, and anesthesia assistants and, if the Medicaid Management Information System’s (MMIS) reimbursement rate is incorrect, direct HPES to change the rate immediately and seek reimbursement for any overpayments that may have been made.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 11

Recommendation: The Department of Vermont Health Access (DVHA) should establish a process to verify that drug claims for controlled substances are prescribed by providers with the appropriate Drug Enforcement Administration's (DEA) registration level.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 12

Recommendation: The Department of Vermont Health Access (DVHA) should direct HPES to modify its credential verification process to eliminate gaps in the independent verification of provider credentials, including those issued by Vermont, other states, the Centers for Medicare and Medicaid Services (CMS), and the Drug Enforcement Administration (DEA).

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 13

Recommendation: The Department of Vermont Health Access (DVHA) should direct HPES to verify the Medicare enrollment of those provider types required to be enrolled in Medicare per the DVHA Medicaid rules.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 14

Recommendation: The Department of Vermont Health Access (DVHA) should direct HPES to screen all providers, their ownership and controlling interests, and managing employees against the List of Excluded Individuals/Entities (LEIE) and Excluded Parties List System (EPLS) in accordance with federal regulations.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 15

Recommendation: The Department of Vermont Health Access (DVHA) should direct HPES to establish a process related to those cases in which HPES is made aware of changes to a provider's enrollment of checking for claims that are filed with a date of service between the effective date of the change and the date the change was actually made in the system.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 16

Recommendation: The Department of Vermont Health Access (DVHA) should direct HPES to determine the feasibility of modifying the Medicaid Management Information System (MMIS), or implementing compensating manual controls, to address weaknesses identified in this report, including (1) the use of automated edits during the provider enrollment data entry process, (2) the process used to automatically change providers from active to inactive status so that manual extensions of a provider's active status end date does not bypass this process, (3) the lack of an edit to recognize the claims limitations of providers whose number starts with B, D, F, or 7000, (4) capturing the relationship between the specific location on the laboratory certificate and the service location(s) of a provider, and (5) restricting referring providers to individuals.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 17

Recommendation: The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should ensure that practitioners who authorize school-based Medicaid services are enrolled in Medicaid,

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 18

Recommendation: The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should enroll individuals or organizations that provide the Medicaid reimbursed service, which can be a streamlined process in accordance with federal regulations.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 19

Recommendation: The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should periodically screen school-based service providers against the LEIE and EPLS databases in accordance with federal regulations.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: The Department of Vermont Health Access (DVHA) should comply with the federal regulation that requires home health agencies to obtain a surety bond and furnish this bond to DVHA.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: The Department of Vermont Health Access (DVHA) should modify the Medicaid monthly excluded parties process to be in accordance with federal regulations, including checking out-of-state providers and all providers' ownership and controlling interests, and managing employees.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: The Department of Vermont Health Access (DVHA) should establish a process to periodically check whether providers are performing the required screening of employees and contractors against the LEIE and EPLS, which could consist of a written certification from these providers during the enrollment process that such a process has taken place,

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: The Department of Vermont Health Access (DVHA) should revise the provider agreement to require that providers search the LEIE website monthly to capture exclusions and reinstatements since the last search.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 6

Recommendation: The Department of Vermont Health Access (DVHA) should establish a process to periodically compare the Medicaid provider file against the Social Security Administration's Death Master File.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 7

Recommendation: The Department of Vermont Health Access (DVHA) should arrange to obtain credential status changes subsequent to the date of enrollment or reenrollment of licensed, certified, or registered providers from the Vermont licensing authorities.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 8

Recommendation: The Department of Vermont Health Access (DVHA) should develop criteria for the consistent application in the use of the Medicaid Management Information System's organization type code to limit the categories of organizations allowed to be coded as individuals,

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 9

Recommendation: The Department of Vermont Health Access (DVHA) should ensure that research into whether those providers identified in this audit as having the wrong provider type, laboratory certification level, or active status be completed and any improper payments recouped,

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-01

Audit Name Tax Increment Financing Districts: Town of Milton Appropriately Established Districts, but the Administration Was Flawed

Report Date 1/19/2012

Recommendation Number: 1

Recommendation: Milton should designate a town official to be responsible for reviewing statutory requirements and documenting policies and procedures for administering the tax increment financing (TIF) districts in consultation with the Vermont Economic Progress Council (VEPC) and the Department of Taxes (DOT). The policies and procedures should provide for a second level of review and should include the following: a) calculation of incremental property tax revenue, b) retention of statewide education increment, c) allowable debt period, d) utilization of incremental property tax revenue, and e) reporting requirements.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: Milton should arrange to pay the \$3,368,000 of statewide education increment owed to the state.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: Milton should designate a town official to be responsible for establishing and monitoring a set of performance measures, including setting numerical targets for all measures that would ensure a more complete sense of whether the tax increment financing (TIF) districts have broadened the tax base, encouraged development, and improved employment opportunities.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-2

Audit Name Medicaid Providers: State has Foregone and Opportuntiy to Recover Delinquent Taxes from Providers

Report Date 1/31/2012

Recommendation Number: 1

Recommendation: We recommend that the legislature amend 32 VSA §3113(d) to allow Medicaid claim payments to be offset against delinquent Vermont tax debts.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-03

Audit Name Tax Increment Financing District: City of Burlington Did Not Always Administer Its District According to Statutory Requirements and Did Not Remit All Monies Owed to the State Education Fund

Report Date 6/4/2012

Recommendation Number: 1

Recommendation: Burlington should cease using incremental property tax revenue for payment of the certificates of participation related to the 1991 purchase of the Urban Reserve.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: Burlington should modify the calculation of incremental property tax revenue to include all components of the municipal tax rates that do not have restricted uses approved by the legislature.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: Burlington should work cooperatively with the state to resolve the city's \$1 million shortfall in payments to the state education fund.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: Burlington should designate a city official to be responsible for reviewing the statutory requirements for reporting and to document policies and procedures to ensure timely and accurate reporting.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: Burlington should designate a city official to establish and monitor a set of performance measures, including numerical targets for all measures.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-4

Audit Name Choices for Care: Desired Outcomes Established, but Evaluation of Actual Results Incomplete

Report Date 4/12/2012

Recommendation Number: 1

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should identify a set of indicators that may be the best predictors of individuals at risk for institutional placement, as required by the Choices for Care (CFC) waiver's Special Terms and Conditions of Approval, or obtain written agreement from CMS to eliminate this requirement from the terms and conditions.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should identify a set of indicators to determine the effect of Choices for Care (CFC) and its policies on the array and amounts of services available in the community, as required by the CFC waiver's Special Terms and Conditions of Approval, or obtain written agreement from CMS to eliminate this requirement from the terms and conditions.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should identify a set of indicators to assess the effect of Choices for Care (CFC) on the level of knowledge about long-term care resources in the general public, as required by the CFC waiver's Special Terms and Conditions of Approval, or obtain written agreement from CMS to eliminate this requirement from the terms and conditions.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should establish a mechanism to include feedback about Choices for Care (CFC) participants that reside in nursing facilities and ERCs as part of the evaluation of, at a minimum, the information dissemination, access, experience with care, and quality of life outcomes.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should ensure that actual results are tracked and reported for all performance indicators in the current Choices for Care (CFC) evaluation plan or revised CFC evaluation plan should DAIL decide to revisit the plan.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 6

Recommendation: The Department of Disabilities, Aging, and Independent Living (DAIL) should develop targets against which actual results are compared for the performance indicators in the current Choices for Care (CFC) evaluation plan or revised CFC evaluation plan should DAIL decide to revisit the plan.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-06

Audit Name Tax Increment Financing District: Winooski Made Errors in Administering the TIF District and Underpaid the State

Report Date 10/18/2012

Recommendation Number: 1

Recommendation: Winooski should work with other city officials to approve and record an official list of tax increment financing (TIF) district properties.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 10

Recommendation: Winooski should designate a city official to establish and monitor a set of performance measures, including numerical targets for all measures, for each of the objectives outlined in Act 19 (2000).

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: Winooski should implement procedures to ensure that incremental property tax revenue is not used to repay the portion of the revenue bond that paid for city administrative costs and other costs not related to the tax increment financing (TIF) district, including developing a methodology to determine the dollar amount of the work orders for construction that occurred outside of the TIF district.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: Winooski should segregate the accounting for incremental property tax revenue and its related debt service from other types of revenue and costs to ensure that incremental property tax revenue is only used for payment of, or prefunding of, eligible debt.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4.1

Recommendation: Winooski should direct the city assessor to correct the original taxable value (OTV) by including the two taxable properties and removing the three non-taxable properties.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number:

4.2

Recommendation:

Winooski should direct the city assessor to correct the original taxable value (OTV) by eliminating the commercial adjustment.

Follow-up Date

Status

Not Implemented

Implementation Date

Review Comments

Recommendation Number:

4.3

Recommendation:

Winooski should correct the original taxable value (OTV) by adjusting the OTV to reflect the city-wide reappraisal.

Follow-up Date

Status

Not Implemented

Implementation Date

Review Comments

Recommendation Number:

5

Recommendation:

Winooski should arrange to pay \$1.5 million of the state education property tax to the state education fund.

Follow-up Date

Status

Not Implemented

Implementation Date

Review Comments

Recommendation Number: 6

Recommendation: Winooski should work with the city assessor to develop and document processes for calculating incremental property tax revenue, including ensuring a second review of the calculations is performed by another city official.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 7

Recommendation: Winooski should direct the city assessor to appraise the municipally-owned parking garage, land under Spinner Place, and the UVM-owned portion of Spinner Place.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 8

Recommendation: Winooski should direct the city assessor to recalculate the incremental property tax revenue through June 30, 2011, including the three taxable properties the city incorrectly treated as non-taxable.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 9

Recommendation: Winooski should designate a city official to be responsible for reviewing the statutory requirements for reporting and to document policies and procedures to ensure timely and accurate reporting.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-7

Audit Name HUMAN SERVICES PROGRAMS: Eligibility System Contained Some Deceased Beneficiaries

Report Date 9/12/2012

Recommendation Number: 1

Recommendation: The Department of Children and Families (DCF) should obtain death data from the Social Security Administration (SSA) quarterly and match this data to all active beneficiaries in ACCESS through, for example, use of the Death Master File (DMF) or the State Verification and Exchange System (SVES) process.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: The Department of Children and Families (DCF) should develop and communicate requirements to DCF workers related to the permissible duration for the use of a temporary identification number in the place of a social security number (SSN).

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: The Department of Children and Families (DCF) should clarify and communicate requirements to DCF workers related to the permissible duration for resolving social security number (SSN) discrepancies and the evidence that must be presented if the beneficiary asserts that the disputed SSN is correct.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: The Department of Children and Families (DCF) should modify the ACCESS computer program that validates social security numbers (SSN) to include seasonal fuel assistance beneficiaries.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 5

Recommendation: The Department of Children and Families (DCF) should modify the ACCESS computer program that receives the social security number (SSN) validation file from the Social Security Administration (SSA) to report individuals listed as deceased as a discrepancy and provide this data to workers for follow-up.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 6

Recommendation: Department of Health should implement a process to verify social security numbers (SSN) with the Social Security Administration (SSA) for Ladies First beneficiaries.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 7

Recommendation: The Department of Mental Health should implement a process to verify social security numbers (SSN) with the Social Security Administration (SSA) for beneficiaries of the Community Rehabilitation and Treatment (CRT) program that are not enrolled in Medicaid.

Follow-up Date

Status

Implementation Date

Review Comments

Audit Number 12-8

Audit Name TIF: (Capstone) Statutory Changes Could Clarify Municipal Requirements and Enhance State Oversight

Report Date 12/31/2012

Recommendation Number: 1a

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the date of original taxable value (OTV) establishment

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1b

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to what portion, if any, of tax increment may be used to repay debt incurred in the 20-year period following creation of the TIF district.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1c

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to what qualifies as a macro-economic condition.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1d

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the intent of the single vote requirement.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1e

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the definition of least-cost financing.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1f

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to a requirement that terms and conditions of interfund load financing be documented.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1g

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to statutory criteria for allowable terms of interfund loans.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1h

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the calculation of the education fund payment in years when property values decline below the OTV.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1i

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the calculation of tax increment when there are gains and losses in the different property categories (i.e., homestead and non-residential).

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1j

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the inclusion/exclusion of municipal charter restricted components of municipal tax rates in calculation of tax increment.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1k

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the definition of first debt.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1l

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the definition of related costs and improvements.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 1m

Recommendation: The legislature should consider clarifying ambiguous or inconsistent Tax Increment Financing (TIF) statutory provisions for district administration related to the type of debt that may be paid by statewide education increment.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 2

Recommendation: The legislature should consider designating a state agency, such as the Vermont Economic Progress Council (VEPC) and/or the Department of Taxes (DOT), with Tax Increment Financing (TIF) oversight responsibilities, including enforcement of compliance with approved TIF district plans, and authority to interpret and enforce statutory requirements.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 3

Recommendation: The legislature should consider specifying remedies in the event of non-compliance by municipalities.

Follow-up Date

Status

Implementation Date

Review Comments

Recommendation Number: 4

Recommendation: The legislature should consider requiring municipalities to establish and monitor performance measures with targets where the measures are linked to the statutory Tax Increment Financing (TIF) goals and actual results for each measure are reported to the state oversight entity and the legislature at least annually.

Follow-up Date

Status

Implementation Date

Review Comments