



**STATE OF VERMONT
OFFICE OF THE STATE AUDITOR**

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**State Auditor Tom Salmon releases report on the Implementation of Audit Findings
Regarding the Vermont Employment Growth Incentive Program**

The audit found that many of the recommendations have been implemented.

MONTPELIER – The Office of Vermont State Auditor today released its third required biennial audit of the Vermont Employment Growth Incentive Program (VEGI), which began in January 2007.

“This audit was a follow-up on recommendations made from two previous audits of the VEGI application and claims processes. We looked at how well the Vermont Economic Progress Council (VEPC), the Legislature, and the Department of Taxes (DOT) have responded toward implementing our audit recommendations. We found that many of the recommendations have been implemented while progress continues on others,” Salmon said.

The VEGI program provides companies the opportunity to earn cash incentive payments if they meet annual job growth or capital investment targets that are approved by VEPC. Targets for new jobs, payroll increases and capital improvements are established at the time of a company’s application, based on its anticipated growth. To be eligible for an incentive, a company must maintain or increase base payroll, meet the jobs target and attain either of the targets set for job growth or capital investments established at the time of the company’s application. Claims from participating companies are due to the Tax Department every year by April 30 and the claim information must detail a company’s actual results for the previous calendar year.

The first audit of the program was conducted by our office in 2008 and focused on evaluating the controls and management of the application process, administered by VEPC. The second audit, conducted in 2010, focused on the incentive claims process which is administered by DOT. “The program is somewhat complex and is growing and we wanted to ensure that our audit recommendations, which are intended to help strengthen the administration of the program, have been implemented,” said Salmon.

Recommendations that have been implemented by VEPC include improving the VEGI application certification process and maintaining the annual \$10 million cap on the amount of incentives VEPC can authorize each year. A recommendation to provide more resources to VEPC staff to assist in the technical review of incentive applications was partially implemented.

DOT implemented our recommendation to improve supervisory review of approved claims and partially implemented our recommendation on improving the level of data validation required to support claimed incentives. Audit recommendations not implemented mostly relate to program policy issues, which are under the purview of VEPC and the legislature.

The report, entitled “Vermont Employment Growth Incentives: Progress Under Way on Audit Recommendations,” can be accessed by clicking [here](#).