PURPOSE/POLICY STATEMENT:

This policy is issued to comply with Finance & Management Policy #7, External Audit Reports and to provide management information to the AHS Secretary, Commissioners, and appropriate program personnel on external audits and reviews. This policy provides an opportunity to improve the process by ensuring consistency and avoiding unnecessary duplication of efforts by the various state reviewers. This policy outlines the purpose and process of tracking AHS program audits and reviews to keep personnel apprised particularly when the audit or review could result in requiring a management response and/or corrective action. The policy is designed to ensure that the required responses are filed appropriately and timely.

BACKGROUND and REFERENCES:

This policy was originally issued on February 11, 2008 in memo form by Cynthia LaWare, Secretary.

DEFINITIONS:

AHS Secretary’s Office, Internal Audit Group – “IAG”

“Transmittal” means the directing of audit progress, corrective actions progress and any follow-up through the IAG.

SCOPE:

Applicable Audits and Reviews

This policy applies to the following audits:

A-133 Independent Audit
Audits by the Vermont State Auditor
   - Comprehensive Annual Financial Report (CAFR)
   - Special Reports
Audits by the Office of the Inspector General (usually HHS)
Audits by the Government Accountability Office
All other program reviews by Federal and other pass-through agencies
STANDARDS and/or GUIDELINES:

The IAG will track all audits and reviews and coordinate, if necessary. Departments will notify the IAG of issues and/or findings associated with audits both during the audit process and at the completion of the audit or review.

The IAG will maintain and update an audit and review tracking report and will monitor the progress of the audits and reviews monthly with departments. The IAG will also notify the Department of Finance and Management of completed audits and corrective action plan per the requirements of Finance & Management Policy #7.


The attached transmittal form is to be used by all programs for communicating consistent information to the IAG relative to upcoming audits, reviews in process, audits that have concluded and when a final report has been issued.

COMPLIANCE:

The appointing authority for each department is responsible for ensuring compliance with this policy.

ENFORCEMENT:

Department and program managers will notify the IAG of audit and review activity. The IAG will make monthly phone calls to the Financial Director of each department to keep the IAG audit tracking report current. The IAG will maintain the Attachment A on all open audits and reviews.

Attachment A: AHS Transmittal of Audit and Review Information and Reports
Attachment B: Standard Elements of a Response to an Audit Finding
Attachment A

Vermont Agency of Human Services
Transmittal of Audit and Review Information and Reports

Instructions: Per instructions detailed in this policy, departments will complete and submit to the IAG this coversheet when an external agency notifies a department of an audit or program review.

Today’s Date:__________________________________________

Department:__________________________________________

Division/Program:_____________________________________

CFDA #:_____________________________________________

Dept. Contact & Phone:_________________________________

Audit/Review Agency:_________________________________

Audit/Review Agency Contact:____________________________

Expected Field Work Dates:_____________________________

Audit/Review Final Report Date:_________________________

Documents Attached (e.g., Entrance Letter, preliminary report, final report, etc.):______________________________

_________________________________________________________________

_________________________________________________________________

_________________________________________________________________

_________________________________________________________________
Attachment B

Vermont Agency of Human Services
Standard Elements of a Response to an Audit Finding

The audit response should address the finding(s) in specific terms and the organizational/procedural root causes. Departments should use the following format to provide consistent responses to audit findings:

- The response must be on letterhead that identifies the responding organization, contain the date of the response, and be signed by the commissioner or director directly accountable for the response.

- The response must be addressed to the auditor and in the heading it must identify the audit document to which the agency or department is responding.

- The department must copy the IAG on the response.

- An introductory paragraph should present an executive summary of the audit finding(s) and response from the auditee’s perspective.

- Each finding must be restated and followed by the corrective action(s) being taken to address the specific finding and the time/date at which the corrective action was or will be completed.

- The root causal condition(s) must be identified if the finding is the result of organizational or procedural conditions that have caused or will cause other similar findings. A corrective action plan must address the causal conditions with a schedule for its implementation. This plan must be achievable within the department’s existing resources. A general statement that additional corrective action may be required and will be developed through the budget process may be made under limited circumstances.

- Final draft responses to audit reports of the State Auditor, the A-133 single state audit, and any investigatory audits must be provided to the Secretary of AHS with a copy to the Internal Audit Group no later than a week before the due date. Draft responses to federal or other awarding organization program audits, along with the audit report, must be provided to the Internal Audit Group no later than one week before due date.