

MEMORANDUM

TO: VSC Audit Committee
Linda Milne, Chair
Lynn Dickinson
Tim Jerman
Jeff Kellar – State Auditor’s Office
Karen Luneau
Christopher Macfarlane

FROM: Tom Robbins, Vice President, Chief Financial Officer
William Reedy, Vice President, General Counsel

DATE: May 7, 2015

SUBJ: Audit Committee Meeting scheduled for May 13, 2015

Tom

The Audit Committee of the VSC Board of Trustees will meet from 12:00-1:00 pm in Room 101 at the Chancellor’s Office in Montpelier. The agenda and back up material for the meeting are enclosed.

If you have any questions, I can be reached at (802) 224-3022. Thank you.

cc: Other Trustees
Council of Presidents
Business Affairs Council
Sam Winship, Dept. of Finance and Management
Douglas Hoffer, State Auditor

**Board of Trustees
Audit Committee Meeting**

May 13, 2015

AGENDA

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the February 11, 2015 Meeting of the Audit Committee

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Review FY2015 Audit Plan with O'Connor & Drew
2. Discuss FY2014 Audit Advisory Comments
3. Discuss FY2014 Internal Audit
 - a. Cash and Cash Controls
 - b. Internal Control Questionnaire

A. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the February 11, 2015 Meeting of the Audit Committee

The Audit Committee met on February 11, 2015 at the Chancellor's Office in Montpelier.

Committee members present: Linda Milne (Chair), Lynn Dickinson, Tim Jerman, Karen Luneau, Christopher Macfarlane, Jeff Kellar (Office of the Vermont State Auditor)

Other trustees present: Martha O'Connor

From the Chancellor's Office: Rick Bourassa, VSC Senior Accountant
Bill Reedy, General Counsel
Tom Robbins, CFO
Deb Robinson, Controller
Elaine Sopchak, Executive Assistant to the Chancellor
Jeb Spaulding, Chancellor
Sophie Zdatny, Associate General Counsel

Presidents: Joe Bertolino, Joyce Judy, Barbara Murphy, Dan Smith

From the Colleges: Scott Dikeman, Dean of Administration, Castleton State College
Janis Henderson, Staff Federation Unit Chair
Loren Loomis Hubbell, Dean of Administration, Lyndon State College
Barbara Martin, Dean of Administration, Community College of VT
Maurice Ouimet, CSC Dean of Enrollment
Sharron Scott, Dean of Administration, Johnson State College
Lit Tyler, Dean of Administration, Vermont Technical College

Chair Milne called the meeting to order at 1 p.m.

B. ITEMS FOR DISCUSSION AND ACTION

1. Minutes of the October 22, 2014 Meeting of the Audit Committee

The Committee approved the minutes with the following corrections: Martha O'Connor should be listed not as a committee member but as another trustee present. In "Item 2. Review and Approval of FY2014 Draft," the second paragraph should be edited to read, "Mr. Kellar inquired how the VSC was handling funding of its OPEB liability. CFO Robbins..."

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Discuss FY2014 Audit Advisory Comments

CFO Robbins reviewed the three advisory comments and management's responses from the FY2014 report. He provided the following updates:

- Reporting student financial aid payment data to the Common Origination and Disbursement System: CCV is now using a new reporting process allowing them to immediately identify reporting errors.
- Capital asset software: Controllers have been given the list of reports related to capital assets, and advised that they should run all these reports and give them to the auditors.
- Procurement cards: The colleges have been reminding employees of Pcard policies and procedures. Employees that continue to violate the policies and procedures will have their cards terminated. VSC will be meeting with Pcard providers this month and will ask about getting the Tax ID printed on cards.

2. Discuss FY2015 Internal Audit Plan

CFO Robbins reviewed recent internal audits and shared that the next internal audit will focus a lot on the handling of cash and cash-like instruments. He reviewed the Self-Assessment Internal Control Questionnaire that was distributed this year. He also covered various facts about embezzlement. He then reviewed the upcoming internal audit team members and timeline.

Chair Milne updated the Committee that there have been no recent EthicsPoints reports that have needed to be addressed by the Audit Committee. General Counsel Reedy clarified that of the few reports that have been received, none referred to financial issues or situations. He shared that regular procedures for handling EthicsPoint reports are currently being refined.

The meeting adjourned at 1:42 p.m.

B. ITEMS FOR INFORMATION AND DISCUSSION

1. Review FY2015 Audit Plan with O'Connor & Drew

Below is the agenda for the O'Connor and Drew discussion with the Audit Committee.

- Discuss prior year audit results
- Current year audit approach
- Timeline for audit planning and audit field work, including A-133 audit
- Programs to audit for A-133 audit
- Any significant changes at any of the Colleges' Management
- Improvements in audit process, what has worked in past, what can be improved upon
- New GASB Pronouncements
- Statement on Auditing Standards 99 and Fraud Risk Assessment
- Significant accounting transactions from July 1, 2014-Present or any anticipated transactions before year end that could materially affect the financial statements
- Any legal issues or pending litigation
- Other matters
- Update on prior year management letter comments and current status

Dates for audit planning, field work, and review of financial statements:

Audit Planning:

- Vermont Technical College and Lyndon State College
 - Monday May 4th – Thursday May 7th
- Community College of Vermont and Johnson State College
 - Monday May 11th – Wednesday May 13th
- Castleton State College and Chancellor's Office
 - Monday May 18th-Thursday May 21st

Audit Field Work:

- Johnson State College and Castleton State College
 - Monday August 10th – Wednesday August 12th
- Community College of Vermont and Vermont Technical College
 - Monday August 17th – Thursday August 20th
- Lyndon State College and Chancellor's Office
 - Monday August 24th – Thursday August 27th
 - Week of September 8th (audit of financial statements)

2. Discuss FY2014 Audit Advisory Comments

This is the same material that was presented to the Audit Committee at the February 11, 2015 meeting. Although nothing has changed since that time this is included for your reference.

CURRENT YEAR COMMENTS

Reporting Student Financial Aid Payment Data to COD (Common Origination and Disbursement System)

Current situation:

Colleges must report student financial aid payment data to the COD (Common Origination and Disbursement System) within 30 calendar days after the school credits the student account. During our financial aid testing, we noted a number of errors with regard to this timing. The Community College of Vermont failed to report PELL grant disbursements within the required timeframe for three out of eight students tested. Our financial aid testing results are as follows:

Student Name	Date Credited to Students Account	Date Reported to COD	#Days
Melody Maher	8/5/2013	11/11/2013	97
Melody Maher	9/25/2013	2/5/2014	132
Mark Porter	9/25/2013	11/13/2014	48
Cole Stevens	9/25/2013	1/29/2014	125

Auditor's recommendation:

We recommend that management review its control procedures for reporting student financial aid data to the COD to insure proper controls are in place to insure that all information is reported in a timely manner.

Management's response:

CCV acknowledged these errors when discovered during interim audit testing. The errors highlighted a weakness in the College's Colleague electronic reporting process to the COD system, whereby it was difficult to discern after the data was transmitted, which individual Pell records were accepted by the COD system. This type of error was not noticed until reconciliation between the two systems was performed at a later date. The College has redesigned and implemented in its electronic reporting process, a new system report edit function which helps to quickly identify data reporting errors with the COD system and will allow CCV to provide the correct Pell student data within the required 30 day reporting window.

Management update January 2015:

The College is utilizing this new reporting process, which has resulted in CCV being able to immediately identify data transmission errors. This now enables CCV to provide the correct Pell student data to the COD system on a timely basis.

Capital Asset Software

Current situation:

The Colleges have implemented a new fixed asset software. This helped to improve the efficiency and effectiveness of auditing the capital assets. We did note that there are specific reports that the Colleges, with the exception of Vermont Technical College and the Chancellor's Office, were not able to run which included a roll forward of the accumulated depreciation, current year depreciation expense, and ending accumulated depreciation.

Auditor's recommendation:

We recommend the Colleges work with their IT departments to prepare specific reports that would include the roll forward of accumulated depreciation in total as well as on an asset by asset basis.

Management's response:

The report showing the roll forward of accumulated depreciation is available within the database used for capital assets. Training will be provided to ensure that all Colleges know how to access and run the Capital Asset reports for their school.

Management update January 2015:

Controllers have been given the list of reports related to capital assets, and advised that they should run all these reports and give them to the auditors. In preparation for the audit, specific instructions will be provided.

Procurement Cards

Current situation:

The Colleges have approximately 485 procurement cards issued to employees of the VSC's colleges and offices. Cardholders are required to adhere to the College's P-card and general purchasing policies. During our year-end audit testing of P-card transactions, we noted a number of exceptions to these policies. We noted a number of instances where the approval date of the expense log by the cardholder's supervisor was after month-end and the purchase had already been paid for. We noted a number of instances where the employee's signature or the

supervisor's signature approving the expense log was missing from the documentation. We noted a number of instances where the back-up documentation for the expenditure was missing; the employee did complete a "Missing Receipt Form" in its absence. We also noted a number of transactions that included sales tax on the expenditure and the Colleges were never reimbursed. All our findings are consistent with the FY2014 Internal Audit Report prepared by the Chancellor's Office.

Auditor's recommendation:

We recommend the Colleges continue to monitor their P-card transactions for errors or abuse and also remind employees on an annual basis of the College's various P-card and purchasing policies. If employees continuously violate these policies, then we recommend temporary revocation of the individual Cardholder's privileges or if necessary permanent revocation of the procurement card.

Management's response:

The issues related to P-Cards was raised during our own internal audit process. VSC concurs that the issues raised need to be addressed, and will initiate discussions with all colleges on processes to improve compliance with procedures and controls. Possible responses to the issue may include regular refresher training for P-Card users, more specific actions and timelines for P-Card users and supervisors who do not comply with policies on reporting and approving P-Card purchases including suspension of P-Card privileges for staff who consistently miss deadlines or fail to comply with policies and procedures related to the use of P-Cards.

Possible responses to the issue of paying VT state sales tax may include having Tax ID for the college imprinted on cards to make it easier for staff to get sales tax waived at time of purchase, or change in policy to permit payment of sales tax for *de minimus* amounts.

Management update January 2015:

The colleges are aware of the importance of proper controls relating to P-card usage and have been reminding employees of P-card policies and procedures. Employees that continue to violate the policies and procedures will have their cards terminated. VSC will be meeting with P-card providers this month and will ask about getting the Tax ID printed on cards. Based on their response, VSC will decide on whether to implement this and how.

3. Discuss FY2015 Internal Audit

a. Cash and Cash Controls

This year, an internal audit team was organized to review and determine a strategy in preparation for the internal audit. A team of 2 or 3 accounting staff members, consisting of 1 or 2 controllers or equivalents, performed on on-site visits.

Given that the VSC handled ~\$35.6M of cash or cash like instruments via 26,347 transactions last year it was decided to specifically focus on this area during the FY2015 internal audit. The audit included a review of the cash handling processes and internal controls in the student accounts/ cashier's office, and also, a compliance review of transactions for the twelve month period ended June 30, 2014. The objectives were to determine if the audit locations had appropriate policies and procedures surrounding cash receipts/revenue, and to determine if the internal controls surrounding the cash receipts process at each college were adequate and assess the extent that these controls are properly designed and working as intended.

To address both of our objectives we reviewed cash receipts and internal control guidance from the VSC and reviewed internal control documentation acquired from the VSC's external auditors. We performed research on internal control best practices surrounding cash receipts and we identified and reviewed guidance and research related to internal controls that are published by the Government Accountability Office (Yellow book) and the Institute of Internal Auditors.

We reviewed the cash receipts processes and related internal controls for each audit location. We evaluated these controls and then identified key internal controls by comparing these internal controls to the transactions examined. The internal controls we evaluated related to (1) written procedures, (2) segregation of duties and procedures, (3) reconciliation, and; (4) management review and oversight.

We discussed with accounting staff their processes and existing internal controls around cash receipts processing and cash receipts accounting .To assist with our assessment we examined the departments' written procedures (if available) and the recent 2015 internal control self-assessments, made observations while on site, and reviewed original documents in order to analyze the design of the cash receipts internal controls.

We counted petty cash and/or cash drawers and reconciled these to the impressed balance.

We examined 30 cash receipts transactions for each of the schools and 15 cash receipts transactions at the Office of the Chancellor to determine if they had been processed in accordance with the policies and guidance. We examined 10 digital copies of checks processed through the digital deposit machine at each of the schools and the original supporting documentation to assist with our assessments.

After completing the on-site visits and reviewing the information gathered from these visits, we compiled several best practices that would facilitate cash receipts processing, security, and controls. Subsequent internal audits will be used to review prior weaknesses noted and steps taken to correct or improve these areas.

Attached is the FY2015 Internal Audit Summary Report, which provides audit summary results and recommendations. There will be follow up based on this report.

The knowledge and experience gained by VSC staff participating in the internal audit process at other VSC schools provides in-depth information to use at their own schools. Using the best practices from each school across the VSC system provides for consistency, good controls, and security of funds. Looking ahead, with the internal control questionnaire information coupled with the in-house expertise, we can improve our processes, as needed, for the betterment of the VSC as a whole.

Vermont State Colleges

FY 2015 Internal Audit Summary Report

Cash & Cash Controls

Report Date: April 30, 2015

Cash Controls Audit

DETAIL OBSERVATIONS AND ACTION PLAN

BACKGROUND

The five Vermont State Colleges (VSC) are largely dependent upon the receipt of tuition, fees, room, and board with approximately 80% of all revenues coming from these three sources. Receipt of these funds is divided between state and federal financial aid, credit card payments, and cash/cash-like instruments. Financial aid and credit card payments are audited externally via the annual A-133 Audit and Payment Card Industry (PCI) Audit.

From July 1, 2013 to June 30, 2014 the Vermont State Colleges received \$35.6M in cash and cash-like instruments via 26,347 transactions. This internal audit is intended to evaluate the internal controls associated with these transactions.

SCOPE

The scope of the audit includes:

- A review of the cash handling processes and internal controls in the student accounts/ cashier's office.
- A compliance review of transactions for the twelve month period ended June 30, 2014.

OBJECTIVES

- To determine if the colleges have appropriate policies and procedures surrounding cash receipts/ revenue.
- To determine if the internal controls surrounding the cash receipts process at each college are adequate and assess the extent that these controls are properly designed and working as intended.

METHODOLOGY

To address both of our objectives we reviewed cash receipts and internal control guidance from the VSC and reviewed internal control documentation acquired from the VSC's external auditors. We performed research on internal control best practices surrounding cash receipts and we identified and reviewed guidance and research related to internal controls that are published by the Government Accountability Office (Yellow book) and the Institute of Internal Auditors.

As part of our first objective, we reviewed the cash receipts processes and related internal controls for the college. We evaluated these controls and then identified key internal controls by comparing these internal controls to the transactions examined. The internal controls we evaluated related to (1) written procedures, ((2) segregation of duties and procedures, (3) reconciliation, and; (4) management review and oversight.

We discussed with accounting staff at the college their processes and existing internal controls around cash receipts processing and cash receipts accounting .To assist with our assessment we examined the departments' written procedures (if available) and the recent 2015 internal control self-assessments, made observations while at the college, and reviewed original documents in order to analyze the design of the college's cash receipts internal controls.

We counted petty cash and/or cash drawers and reconciled these to the impressed balance.

Cash Controls Audit

DETAIL OBSERVATIONS AND ACTION PLAN

In addition, we examined 30 cash receipts transactions from 2014 for each of the schools and 15 cash receipts transactions at the Office of the Chancellor to determine if they had been processed in accordance with the college's policies and guidance. We examined 10 digital copies of checks processed through the digital deposit machine at each of the schools and the original supporting documentation to assist with our assessments.

The audit evaluated the adequacy of controls and processes to achieve key business objectives as it related to cashiers receiving payments.

RESULTS

1. Cash Receipts

- A. At 6 of 6 audit locations, cash handling procedures were available, however, one location did not have a universal procedure across campus where funds are received.
- B. At 4 of 6 audit locations, daily check logs were maintained. At one location, checks received through the mail were logged but subsequent checks received during the day were not. At the other location, check volume is very low and infrequent.
- C. At the 5 audit locations with digital deposit machines, original checks are not endorsed upon receipt. The digital deposit process endorses the image only. One location punches hole in checks and another stamps the word "Entered" or "Posted" to indicate check has been processed. Retention of original checks range from 15-60 days.
- D. At 1 of 5 audit locations, the same cash drawer is used by all in the student billing area. No one has individual locked, secured ownership of funds.
- E. At 1 of 6 audit locations, no emergency procedures in place for the front desk near building entrance where checks received through the mail are initially being handled and kept until sent upstairs from processing. The other 5 audit locations, initial processing occurs in inner office areas away from immediate outside access.
- F. At 2 of 6 audit locations, checks kept unsecured on the Student Account Specialists desk for most of the day.
- G. At 3 of 4 audit locations, coaches, committees, or clubs collect money for various athletic related items or fund raising purposes. At 1 of 4 audit locations, coaches provide listings of students and amounts owed to the Business Office with payments required to be made in the Business Office.
- H. At 1 audit location, non-student off-site deposit process needs to be reviewed for timeliness and security.
- I. At 1 audit location, checks from one off-site campus are mailed to main campus for processing.
- J. At 1 of 4 audit locations, there is no physical count or signed verification by two people of amount received for club fund raising activities before funds are transferred to Director for processing at the Business Office.
- K. At 1 of 6 audit locations, there is no designated backup.

2. **Petty Cash** - At 1 of 4 audit locations with petty cash, not all petty cash accounts are on the books.

3. **Other** - At 3 of 5 audit locations with safes, combinations have not been changed when authorized staff leaves position. At these 3 audit locations, however, safes are located inside a locked room requiring access keys or combinations which are collected or combinations to locked room changed when authorized staff leave.

4. Test Sampling

- A. In 1 of 165 test samples, there were multi-day cash receipt sessions in one deposit.
- B. In 1 of 165 test samples, there was a \$2,178 check entered into Colleague but not deposited in bank for 23 days.
- C. In 2 of 165 test samples, there was \$5,025 and \$1,075 in cash that was not deposited in bank for 14 and 6 days, respectively.

Cash Controls Audit

DETAIL OBSERVATIONS AND ACTION PLAN

RECOMMENDATION OF BEST PRACTICES FOR REVIEW AND IMPLEMENTATION

1. Cash Receipts Processing

- A. Each Student Services Consultant/Specialist/Cashier who normally receives and processes payments will have their own lockable cash drawer.
- B. Original checks, after processing through the digital deposit machine, have a hole punched in check, endorsement, or some other method to prevent duplicate processing or fraudulent use.
- C. Original checks, not processed through the digital deposit machine, will be endorsed upon receipt.
- D. Original checks will be properly secured and, after processing through the digital deposit machine, will be stored for 15-30 days, then shredded.
- E. Check logs maintained for all checks received.
- F. Separate daily cash receipts sessions for each Student Account Consultant /Specialist
- G. School sanctioned trips, athletic equipment, and clothing payments required to be made in Business Office to record against a previously provided listing.
- H. For funds received from various club fund raising events, a physical count and signed verification of total by two applicable members will be made.
- I. Current written cash receipts procedures available to all applicable staff.

2. Petty Cash

- A. All petty cash accounts will be maintained "on the books".
- B. Petty cash accounts reconciled monthly by custodian and periodically audited by someone other than account custodian.

3. Other

- A. Safe combinations are changed upon authorized staff leaving position of access need or equivalent safety protocol.
- B. In the event of a robbery or other potential event, procedures are available and staff is familiar with procedures.

b. Internal Control Questionnaire

The VSC has used the internal control questionnaire for the last couple of years to help determine where we have weaknesses in our internal control processes. The variability in the answers across the campuses can either point to a lack of understanding of policies or perhaps a lack of clear policy. As we have found variances with policy we have followed up with the colleges to correct the issues. It is important to note that the internal control questionnaire and the correction of any findings is a continual process.

The percentages represent the answers from the six entities (the five colleges and the Office of the Chancellor).



Vermont State Colleges

FY 2015 Annual Self-Assessment of Internal Control Questionnaire

This is the second year the Vermont State College (VSC) system has used the control self-assessment process. The "Self-Assessment of Internal Control Questionnaire" is a review of the internal policies and procedures in each VSC school. The questionnaire is designed to help identify risk as well as eliminate considerations of risk that do not apply to your college. The questionnaire serves as a management tool for evaluating how well risks are being addressed through your current control policies and practices. It is designed to raise awareness of certain issues and encourage further analysis and discussion at each college and across the VSC. The questionnaire will also help the VSC schools identify best practices within the system and schools are encouraged to share these practices and procedures with all of the colleges.

Internal controls are extremely important, ensuring that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports. Colleges should use this questionnaire as a guide to managing important controls within their units/departments. ***Please note, while this questionnaire covers several areas, it does not include all possible areas of risk within a department.***

This questionnaire is divided into different control processes; some may not be applicable to all colleges. The questions may be answered by different departments within the college and the answers aggregated. A "no" response indicates a potential weakness in the specific internal control referred to in that question. Action should be taken to resolve any weaknesses. We encourage the schools to be accurate in the completion of the self-assessment as this tool is designed to promote continuous process improvement. The terms "department" and "college" may be interchangeable depending upon the context of the question.

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 2: Cash and Collections		% Yes	% No	% N/A
1	Does the College / Department have any written procedures for cash handling and related controls?	100%		
2	Is a receipt immediately prepared upon collection of funds?	67%	33%	
3	Are checks restrictively endorsed with "For Deposit Only for XXXXX College" immediately upon receipt?	33%	67%	
4	Are all checks made payable to XXX College or XXX foundation?	100%		
5	Do two different individuals verify all deposits prior to making the deposit?	33%	67%	
6	Does someone prepare the deposit other than the person collecting and recording receipts?	17%	83%	
7	Are collections held in a secure manner until deposited (i.e. in a locked location)?	100%		
8	Are safe combinations restricted to a minimum number of employees?	83%		17%
9	Are safe combinations changed after termination of an employee who previously had access?	34%	33%	33%
10	Are collections deposited intact (i.e. no expenditures made from collections)?	100%		
11	Are deposits made in a timely manner (i.e. generally the same or next business day)?	83%	17%	
12	Does the College have procedures in place for the handling of cash receipts and related controls surrounding non-business income activities (i.e. athletic events, college clubs and organizations).	50%	17%	33%
12	Is there segregation of duties among opening mail, processing cash, and account reconciliation?	100%		

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 2: Cash and Collections		% Yes	% No	% N/A
Cash Register/Touchnet Operations				
13	Are there written procedures for the operation of the cash registers/TouchNet?	83%		17%
14	Does the cashier count the change fund before putting it in the drawer?	67%		33%
15	Are register readings taken when a cashier's shift ends, when a relief cashier takes over, or other various times throughout the day?	17%	33%	50%
16	Does someone other than the cashier approve voids?	33%	17%	50%
17	Does an independent person reconcile cash register closing reports to actual receipts collected?	17%	33%	50%
18	Is the check suspension list, issued by the Business Office, referred to upon accepting checks?	17%	17%	67%
19	Is one cashier working from the drawer at any given time, or is there a way to distinguish between cashiers (i.e. ID's)?	50%	17%	33%
20	Is a record of over/shortages by the cashier maintained?	67%		33%
21	Is there a ceiling on overages/shortages before corrective action is taken?	50%		50%
22	Are the individuals who handle money trained in procedures to be followed in the event of a robbery or fire?	66%	17%	17%
Petty Cash (if applicable)				
23	Are petty cash funds locked in a secure area?	67%		33%
24	Is access to petty cash funds limited to the appropriate personnel?	67%		33%
25	Does someone other than the fund custodian periodically count the fund?	50%	17%	33%
26	Are petty cash funds used only for appropriate purposes that are supported by receipts?	67%		33%

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 1: General Controls		% Yes	% No	% N/A
1	Are there written rules, guidelines, policies, and/or procedures for all transactions and critical activities in this department?	67%	33%	
2	Does the College / Department have copies of all current VSC and college policies and procedures manuals?	100%		
3	Do personnel have the knowledge and skills required for their jobs?	100%		
4	Are department personnel cross trained for back-up of key personnel?	100%		
5	Are period end financial reports reconciled to departmental supporting documents on a monthly basis or quarterly basis?	83%	17%	
6	Is a member of management reviewing and approving reconciliations in a timely manner?	83%	17%	
7	Does the College /Department comply with the requirements of VSC's record retention policy?	100%		
8	Does your College / Department maintain a key and/or door access control log? This log should list all keys or access codes owned/issued by the department, to whom they are issued, locks each key will open, and key numbers.	83%	17%	
9	Does your College / Department have an operating plan that states goals to be accomplished and a timeline for completion of tasks?	50%	50%	
10	Are College / Department goals and tasks prioritized according to importance?	66%	17%	17%
11	Has management established operating or work standards that can be used to measure (benchmark) College / Department performance?	33%	67%	
12	Are there disaster recovery procedures for critical areas in place?	83%	17%	

**Vermont State Colleges
FY 2015 Annual Self-Assessment of Internal Control Questionnaire**

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 3 : Purchasing/Accounts Payable		% Yes	% No	% N/A
1	Is there a formal organizational chart defining the responsibilities of preparing, recording, approving and follow up of all purchases and accounts payable functions?	67%	33%	
2	Are contracts and leases approved by all responsible parties involved (legal, finance, program) prior to the effective date of the contract?	67%	33%	
3	Do adequate procedures exist to ensure that goods for which payment is to be made have been verified and inspected by someone other than the individual approving payment/	33%	67%	
4	Do procedures exist ensuring accurate account distribution of all entries resulting from invoice processing?	83%		17%
5	Are there checks in the processing procedures to prevent or detect duplicate payments?	83%	17%	
6	Is splitting orders to avoid higher levels of approval prohibited?	83%	17%	
7	Are disbursements approved for payment only by properly designated officials?	100%		
8	Is the coding of charges in the accounting department competent to pass on the propriety of the distribution?	100%		
9	Are all original transactions charged directly to the proper accounts at the time of disbursement?	67%	33%	
10	Are the reasons for expenditure transfers and journal entries clearly and accurately authorized and documented?	100%		

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 4: Purchasing Cards		% Yes	% No	% N/A
1	Is there documentation needed for an employee to get a p-card?	100%		
2	Is there a document signed by the employee acknowledging receipt of the p-card and the responsibilities in it use?	100%		
3	Is there training for the new cardholder on the use of the p-card?	100%		
4	Is there refresher training on annual basis for current cardholders?	33%	67%	
5	Is there criteria to determine a card holder's credit limit?	100%		
6	Is there documentation required to request a temporary increase in credit limit?	100%		
7	Is there documentation required to request a permanent increase in credit limit?	100%		
8	When initiating a P-Card purchase, do procedures exist to ensure that the best combination of quality, total price, and delivery is obtained?	50%	33%	17%
9	Are procedures in place to prevent multiple purchases that are intended to circumvent bid or approval limitations or other controls?	83%		17%
10	Do all cardholders reconcile their expense reports on time?	33%	67%	
11	Do the cardholders provide the proper receipts with expense reports?	100%		
12	Do cardholders review their monthly transactions for information correctness, completeness, and approve them each month?	100%		
13	Is there a documented process when cardholder doesn't complete his/her responsibilities on time?	100%		
14	Do cardholder supervisors review expense reports and approve them each month?	100%		
15	Is there a documented process when the supervisor does not approve of an expenditure?	67%	33%	
16	Are all transactions charged to the correct GL account number prior to month end closing date?	50%	50%	
17	If a cardholder violates the p-card procedures and/or responsibilities, are there consequences other than revoking their p-card?	67%	33%	
18	If a cardholder violates the p-card procedures and/or responsibilities, is there a written procedure to revoke it?	100%		
19	When a p-card holder leaves VSC employment, is there an exit process to obtain their p-card and all related receipts?	100%		
20	Are exiting employee p-card accounts closed immediately?	100%		

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 5: Equipment and Inventoried Assets		% Yes	% No	% N/A
1	Is capitalized equipment (over \$5,000 per item) verified at least every two years and are changes in equipment noted and given to the Business Office to update?	83%	17%	
2	Is the Business Office notified of capitalized equipment that is scrapped, stolen, sold, traded in, loaned out, or transferred?	83%	17%	
3	Does the College / Department keep a separate internal record of equipment valued under the capitalization amount of \$5,000? (Note: Federal Grant Requirements)	50%	50%	
4	Is the departmental record continuously updated to reflect new purchases and dispositions?	83%	17%	
5	Are procedures in place to minimize the risk of non-capitalized assets being lost or stolen (desks and other furniture and small equipment items) Ex: Assets tags and periodic inventories?	50%	50%	

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 5 : Conflict of Interest /Ethics		% Yes	% No	% N/A
1	Are all staff members aware of the Conflict of Interest policies as stated VSC Policies # 207 and #210 and how it impacts business and other contractual transactions?	67%	33%	
2	Does department management exhibit a positive ethical tone that encourages compliance with VSC polices?	100%		
3	Have staff members made purchases with vendors where there is a personal interest or reward?	17%	83%	
4	Are personnel in your department informed about how to report ethical or fiscal misconduct concerns?	50%	50%	

Vermont State Colleges FY 2015 Annual Self-Assessment of Internal Control Questionnaire

If completing in Excel, use the drop-down box in the appropriate column to select/change your response.

Section 6: Computer Use and IT Controls		% Yes	% No	% N/A
1	Is the department's computer equipment secured to prevent theft?	100%		
2	Is access to the computer system limited to authorized individuals?	100%		
3	Are password configurations controlled by IT and required to be changed on a regular basis ?	83%	17%	
4	Are there up-to-date written procedures that provide guidance on computer security, data integrity, and controls over information?	83%	17%	
5	Are computer data backup and recovery procedures in place and being used?	100%		
6	Are all copies of software used by the College / Department appropriately licensed?	100%		
7	Are backed up files stored in a secure location?	100%		
8	Are virus protection programs used and updated on a regular basis?	100%		
9	In case of an emergency, does a contingency plan exist that would guide the College / Department on how to continue operations?	100%		
10	Is access to the colleges IT systems removed for terminated faculty, staff and students in a timely manner?	100%		



#VALUE!
#VALUE!

College: _____

Certification Form

1. Person responsible for **completing** the questionnaire:

Printed Name & Title

2. College Official* responsible for **certifying** the questionnaire:

"As the Designated College Official , I certify, to the best of my knowledge, that the answers provided in this Self-Assessment questionnaire are an accurate representation of the operations of this College ."

Printed Name & Title of College - then complete certification below

* For this certification, *College Official* refers to Presidents of the Vermont State Colleges, Deans of Administration or Chief Financial Officers.

Important: As the College Official please select option (a) or (b) to complete certification.

(a). Electronic Certification Option for Appointing Authority

By checking this box (*with a left mouse click*), I authorize the OC to accept this document transmitted from my College email account as our official submission. In addition, I certify that my name as typed above shall be treated as my written signature for the purposes of certifying this document.



➤ **Important:** To electronically certify, the above box must be checked AND the file must be sent directly from the College Official's email account to the Office of the Chancellor.

(b). Signed Certification Option for College Official

If the electronic certification option is not used, then this *Certification Form* must be signed by the College Official and mailed (*or scan & email*) to the OC address below.

College Official Signature & Date

Please return this certification with your Self-Assessment Questionnaire by January 28 to:

Richard Bourassa
Office of the Chancellor
Vermont State Colleges
575 Stone Cutters Way, Suite 1
PO Box 7
Montpelier, VT 05601-0007

Email: richard.bourassa@vsc.edu