



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

To: House and Senate Committees on Government Operations
Date: 28 January 2022
Re: Audit Recommendation Follow-Up

Each year we review prior audits to determine the extent to which the auditees have implemented our recommendations. We cannot compel state entities to do so, but we hope the recommendations are sufficiently clear and evidence-based to persuade managers to see their value. We look back one year and three years. The links below will take you to the corrective action reports.

Percent of recommendations implemented					
2018	Short Title	# of Recs.	# of Recs. Partially or Fully Implemented	Three-year Target	Actual
18-02	Bridge Inspections	2	2	75%	100%
18-03	Agency of Agriculture: Best Mgmt. Practices Program	14	12		86%
18-05	Choices for Care	6	6		100%
18-06	Department of Taxes: Abatements of Business Tax Liabilities	10	10		100%
Total 2018 – Three Years Out		32	30		94%

The Milton Town Core TIF audit report was released in 2018 but there were no recommendations.

2020	Short Title	# of Recs.	# of Recs. Partially or Fully Implemented	One-year Target	Actual
20-02	Vermont’s All-Payer Accountable Care Organization Model (GMCB)	2	0	50%	0%
20-04	Town of Hartford Tax Increment Financing District	6	6		100%
Total 2020 – One Year Out		8	6		75%

Three other audit reports were released in 2020 but had no recommendations: Town of Milton North / South TIF, Interim Report on EB-5 and VT Schools (statutes & rules governing public & private schools)

Agency of Agriculture, Food, and Markets -- Best Management Practices Program (2018)

[Audit](#) [Rec. Follow-up](#)

The Agency has fully implemented 10 of the 14 recommendations and two others are partially implemented. The Agency's explanation as to why one of the other two has not been implemented is internally inconsistent (see the second bullet below).

- We recommended that the Agency expeditiously update the BMP rules. Our initial recommendation follow-up in 2019 found that the AAFM has drafted BMP rules that were awaiting legal counsel review.

As of December 10, 2021 (which is over three years after we originally made this recommendation) AAFM has yet to file proposed rules with the Interagency Committee on Administrative Rules. For this reason, we are amending our previous status of "partially implemented" to "not implemented."

Why does this matter? Because failure to update the BMP rules results in continued adverse impacts on water quality for each day that passes. This puts additional pressure on State government to provide funding to farmers for various on-farm mitigation measures and to various state agencies for clean water projects.

- BMP grant agreements contain a provision that says final payment may be withheld for those grantees that are not in good standing with the Tax Department, but statute does not provide the authority for that. We recommended the Agency seek advice from Finance & Management and the AG's Office about this matter as it seems odd that Tax can withhold payments to contractors that owe money to the State but not grantees. In any case, until such time that the statute is amended, the BMP grant agreements should be revised to reflect current law.

The Agency claimed that the relevant provisions of Attachment C of the State's standard agreements cannot be revised. This is not accurate as the Bulletins are routinely revised as circumstances warrant.

Agency of Transportation – Bridge Inspections (2018) [Audit](#) [Rec. Follow-up Report](#)

The Agency fully implemented 1 of the 2 recommendations and partially implemented the other. The issue that gave rise to the latter is described below.

“Officials at four municipalities were not aware of specific deficiencies raised by the VTrans inspectors in 2014 and 2015 because they were unaware that the bridge inspection reports had been issued. VTrans does not notify the municipality when a new inspection report is posted. Officials at almost all of the municipalities in our review stated that notifications would help them improve the condition or maintenance of town bridges because without notification they may forget to check for new reports.”

We suggested that AOT develop a process to notify municipalities when a new inspection report is available. The Agency reported that they do not plan to contact each municipality when inspections of town-owned bridges are complete. Instead, they plan to rely on verbally informing municipalities that bridge inspection reports are available on-line during various meetings. Our audit found that this method was not always effective. It should be a simple logistical task to simply email the inspection report to a single point of contact in the host community.

This audit was not in the follow-up cycle this year but the Department’s continuing failure to implement a number of recommendations is concerning

DHR and AHS – Employee Misconduct (2017) [DHR Audit](#) [Rec. Follow-up Report - DHR](#)
[AHS Audit](#) [Rec. Follow-up Report - AHS](#)

As we [reported](#) last year, DHR implemented only 4 of 25 recommendations from the 2017 report. The Department stated that it had no intention of implementing many of the outstanding recommendations, which is odd because the recommendations flow directly from our findings, which themselves were derived from the evidence obtained during the audit. They are sensible and not terribly onerous. We disputed DHR’s objections to adopting the recommendations and responded in detail in Appendix IV of the audit [report](#) (see pages 52 – 56).

In my office’s experience, such a blanket refusal to implement recommendations is a first and suggests this committee would benefit from revisiting the recommendations. For this reason, and because there is a lot of money at issue, we decided to report this to you again even though it’s off cycle.

Relief from duty (RFD) costs: There are circumstances where management believes it is in the best interest of the parties to remove an employee from the workplace while allegations are investigated. In such instances, the employees are paid while the process plays out.

Based on data from DHR, **the State has paid \$11.7 million in salaries and benefits to employees in temporary RFD status for alleged misconduct from 2014 – 2021.**

It appeared that some employees remained in this status longer than necessary. In some cases, the State paid the salaries and benefits of non-working employees after the investigation was completed—sometimes for months while the appointing authorities considered disciplinary options—even though the allegation was determined to be unsubstantiated, or disposition of the case did not involve removing the employee from employment. If the State intends to return an employee to work, it is not fiscally prudent to continue to pay the salary and benefits of a non-working employee for weeks and sometimes months as decisions are made on the final dispositions that are less than dismissal.

DHR acknowledged the problem and stated that “DHR agrees that additional steps may be taken to ensure that employees are removed from RFD status as soon as possible.”

To be clear, there are many reasons for these delays, some unavoidable. But we found reason to believe that DHR and the appointing authorities could improve the process and save taxpayers’ money.

We would be happy to discuss the recommendations that DHR has not implemented if you wish.