



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

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State Auditor Tom Salmon: State Government Received Nearly \$1.3 Billion in Federal Funds Last Year

MONTPELIER – Vermont State government received nearly \$1.3 billion in federal awards during the state’s 2006 fiscal year, according to an audit report from the office of Vermont State Auditor Thomas M. Salmon.

The Agency of Human Services led all state agencies and departments receiving federal funds with \$820.7 million in federal support during the last fiscal year.

The top 10 state agencies and departments receiving federal funds last year were:

1. Agency of Human Services	\$820,686,223
2. Agency of Transportation	\$142,278,934
3. Department of Education	\$112,322,733
4. Department of Labor	\$ 96,530,125
5. Agency of Natural Resources	\$ 31,107,342
6. Department of Public Safety	\$ 25,805,994
7. Agency of Commerce and Community Development	\$ 13,141,570
8. Department of the Military	\$ 10,127,100
9. Center for Crime Victims Services	\$ 3,936,066
10. Department of Agriculture	\$ 1,777,666

Salmon said the 2006 figure is an increase of \$49.8 million over the previous year. “Federal funds make up about one-third of Vermont’s \$4 billion budget for primary government,” Salmon said. He noted that federal awards include grants, loans, loan guarantees, insurance, food commodities, and direct appropriations.

About \$210 million of federal support was passed through to local government agencies and non-profit organizations, Salmon noted. “One of the recurring themes of our audits in recent years has been the need to improve how the state agencies and departments monitor the millions that go to local government and non-profit organizations,” Salmon said.

The top 15 state programs receiving federal dollars in the 2006 fiscal year, representing about 80 percent of the total federal funds received, were:

1. Medical Assistance Program (Medicaid)	\$568,757,911
2. Highway Planning and Construction	\$129,163,700
3. Unemployment Insurance	\$ 83,557,156
4. Food Stamps (EBT and cash)	\$ 48,311,423
5. Temporary Assistance for Needy Families	\$ 34,966,471
6. Title I Grants to Local Educational Agencies	\$ 27,663,753
7. Special Education - Grants to States	\$ 22,461,661
8. Low-Income Home Energy Assistance	\$ 14,268,084
9. Improving Teacher Quality	\$ 13,772,333
10. Child Care and Development Block Grant	\$ 12,249,362
11. Centers for Disease Control/ Prevention – Investigations/ Technical Assistance	\$ 12,108,118
12. Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 11,717,443
13. Foster Care - Title IV-E	\$ 11,145,044
14. National School Lunch Program	\$ 9,743,412
15. NG Military Operation and Maintenance (Army and Air)	\$ 9,659,197

“Our office oversees the annual audit which provides assurance to the federal government that funds are being used and accounted for according to federal rules and regulations,” Salmon noted. Rather than a grant by grant approach, the state reviews a wide range of federal programs at the same time in what is known as a “single audit.”

The 2006 Single Audit Report, which lists all funds by federal agency and program title, as well as 36 specific issues of non-compliance with federal requirements, has been posted on the auditor’s website.

Fiscal Year 2006 Single Audit report:
<http://auditor.vermont.gov/> Click on “Audits and Reports” and then click on “Financial & Compliance Audits.”

Salmon said the 2007 single audit is under way and will report on compliance issues related to federal funds received through June 30, 2007. "Each year the Federal government identifies the most important compliance requirements that it expects to be considered during the single audit," Salmon said. "Large, complex programs such as Medicaid, Food Stamps, Unemployment Insurance, community development block grants, and transportation are always on our radar in some form," he noted.

"Many programs require the state to contribute matching funds, so our findings help ensure that General Fund dollars are properly spent and accounted for also," said Salmon.

Salmon said the review of state government's federal funds does not include federal assistance to such organizations as the University of Vermont, the Vermont State College System, the Vermont Student Assistance Corp. and other component units of state government. Those organizations undergo their own single audit each year by outside auditors.

"We have begun to work more closely with the state's administration to reduce the number of repeat findings that some agencies experience," Salmon said. "When problems are not corrected quickly, it may result in additional audit charges for the next year, and we are working together to reduce those situations and to save money in the long run," he said.

All states submit their single audit reports to the Federal Audit Clearinghouse, operated by the Bureau of the Census. The clearinghouse serves as the central collection point, repository, and distribution center for single audit reports.

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