



STATE OF VERMONT

Auditors' Report as Required by OMB Circular A-133
and Related Information

Year ended June 30, 2011

(With Independent Auditors' Report Thereon)

STATE OF VERMONT

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**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Speaker of the House of Representatives,
President Pro -Tempore of the Senate,
and the Governor of the State of Vermont:

We have audited the financial statements of the governmental activities, the business -type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2011, which collectively comprise the State's basic financial statements and have issued our report thereon dated December 23, 2011. Our report was modified to include a reference to other auditors and included an explanatory paragraph regarding the State adopting the provisions of Governmental Accounting Standards Board (GASB) Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements and related disclosures of certain discretely presented component units identified in note 1A of the State's basic financial statements, the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, the Vermont Information Technology Leaders, Inc. and the Tri -State Lotto Commission as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters did not include the University of Vermont, or the Vermont Economic Development Authority which are discretely presented component units. We have issued separate reports on our consideration of internal control over financial reporting and on tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for these entities. The findings, if any, included in those reports are not included herein.

Internal Control over Financial Reporting

Management of the State is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.



Speaker of the House of Representatives,
President Pro -Tempore of the Senate,
and the Governor of the State of Vermont
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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the State's internal control over financial reporting described in the accompanying schedule of findings and questioned costs as finding 2011 -02 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2011 -01 and 2011 -03 to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.



Speaker of the House of Representatives,
President Pro -Tempore of the Senate,
and the Governor of the State of Vermont
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This report is intended solely for the information and use of the Speaker of the House of Representatives, the President Pro -Tempore of the Senate, the Governor, management of the State of Vermont and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 23, 2011



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Speaker of the House of the Representatives
President Pro -Tempore of the Senate
Governor of the State of Vermont
General Assembly, State of Vermont
State House
Montpelier, Vermont:

Compliance

We have audited the State of Vermont's (the State) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the State's major programs for the year ended June 30, 2011. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The schedule of expenditures of federal awards, the schedule of expenditures of federal awards by Vermont State Agency and our audit described below do not include expenditures of federal awards for those entities determined to be component units of the State for financial statement purposes. Each of these entities has their own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State's compliance with those requirements.



As described below and in the accompanying schedule of findings and questioned costs, the State did not comply with certain requirements that are applicable to certain of its major federal programs. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to the identified major federal programs.

State agency/ department name	Federal program name	Compliance requirements	Finding number
Department of Education	Child Nutrition Cluster	Reporting	11-02
Agency of Human Services	ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	Subrecipient Monitoring	11-04
Department of Labor	WIA Cluster	Subrecipient Monitoring	11-05
Department of Labor	ARRA – Programs of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	Subrecipient Monitoring	11-06
Agency of Transportation	ARRA – High Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance	Reporting	11-08
Department of Education	SFSF Cluster	Subrecipient Monitoring	11-12
Agency of Human Services	Medicaid Cluster	Special Tests and Provisions	11-18
Agency of Human Services	Medicaid Cluster	Allowability, Eligibility	11-19
Agency of Human Services	Medicaid Cluster	Matching	11-20
Agency of Transportation	Disaster Grants – Public Assistance (Presidentially Declared Disaster)	Matching	11-22
Agency of Transportation	Disaster Grants – Public Assistance (Presidentially Declared Disaster)	Reporting	11-23

In our opinion, except for the noncompliance described in the preceding table, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-01, 11-03, 11-07, 11-09, 11-10, 11-11, 11-13, 11-14, 11-15, 11-16, 11-17, and 11-21.

Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for



the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weaknesses internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-02, 11-04, 11-05, 11-06, 11-08, 11-12, 11-18, 11-19, 11-20, 11-22, and 11-23 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance We consider the deficiencies in internal control over compliance described in the a accompanying schedule of findings and questioned costs as items 11-01, 11-03, 11-07, 11-09, 11-10, 11-11, 11-13, 11-14, 11-15, 11-16, 11-17, and 11-21 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011, which referred to the use of the reports of other auditors and to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of federal awards by Vermont State Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses, and accordingly, we express no opinion on them.



This report is intended solely for the information and use of the Speaker of the House of the Representatives, the President Pro-Tempore of the Senate, the Governor, management, the cognizant federal agency, the Office of the Inspector General, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

KPMG LLP

March 27, 2012 (except for the schedule of expenditures
of federal awards, which is as of December 23, 2011)

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
Direct grants:				
Monetary awards:				
U.S. Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 251,616	350	
10.156	Federal-State Marketing Improvement Programs	1,373		
10.163	Marketing Protection and Promotion	19,200		
10.169	Specialty Crop Block Grant Program	247,840	189,870	
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	795,376		
10.551	Supplemental Nutrition Assistance Program	22,711,020		
10.553	School Breakfast Program	4,562,829	4,546,457	11,248
10.555	National School Lunch Program	12,828,506	12,838,024	22,281
10.556	Special Milk Program for Children	54,665	54,503	
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	13,993,839		
10.558	Child and Adult Care Food Program	4,882,044	4,780,803	
10.559	Summer Food Service Program for Children	424,768	391,452	6,939
10.560	State Administrative Expenses for Child Nutrition	395,834	500	
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	11,688,666	313,889	
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program – ARRA	19,876		
10.565	Commodity Supplemental Food Program	263,349	260,849	
10.568	Emergency Food Assistance Program (Administrative Costs)	59,664	59,664	
10.568	ARRA-Emergency Food Assistance Program (Administrative Costs)	77,109	77,109	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	73,148		
10.576	Senior Farmers Market Nutrition Program	91,501	51,500	
10.578	ARRA-WIC Grants To States (WGS)	131,823		
10.580	Supplemental Nutrition Assistance Program Outreach/Participation Project	138,976	65,061	
10.582	Fresh Fruit and Vegetable Program	871,011	838,258	
10.664	Cooperative Forestry Assistance	736,287	277,387	
10.665	Schools and Roads – Grants to States	357,207	357,207	
10.672	Rural Development, Forestry, and Communities	341,876	265,719	
10.676	Forest Legacy Program	4,493,793		
10.688	ARRA-Recovery Act of 2009: Wildland Fire Management	221,811	12,000	
10.769	Rural Business Enterprise Grants	13,462	6,200	
10.776	Agriculture Innovation Center	440,258		42,250
10.912	Environmental Quality Incentive Program	27,607		
10.999	Organic Certification – Procedures	249,150		
10.999	Presidential Disaster in FY2008	81,211	77,116	
		81,546,695	25,463,918	82,718
U.S. Department of Commerce:				
11.113	ITA Special Projects	48,780	6,225	
11.555	Public Safety Interoperable Communications Grant Program	1,690,291	1,690,291	
		1,739,071	1,696,516	—
U.S. Department of Defense:				
12.002	Procurement Technical Assistance For Business Firms	399,420	133,378	
12.100	Aquatic Plant Control	472,453	140,143	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	15,181		
12.400	Military Construction, National Guard	498,781		
12.401	National Guard Military Operation and Maintenance (O&M) Projects	15,025,620		
12.404	National Guard ChallenNGe Program	513,134		
		16,924,589	273,521	—
U.S. Department of Housing and Urban Development:				
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	15,434,348	15,156,960	
14.231	Emergency Shelter Grants Program	377,312	377,312	
14.239	Home Investment Partnerships Program	3,094,827	2,958,073	
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	453,563	453,563	
14.255	ARRA – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – (Recovery Funded)	954,394	902,799	
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	1,631,348	1,609,464	
14.999	Office of Fair Housing-Assistance Grant	143,166		
		22,088,958	21,458,171	—
U.S. Department of Interior:				
15.605	Sport Fish Restoration Program	3,883,354	4,875	
15.608	Fish and Wildlife Management Assistance	22,197	2,948	
15.611	Wildlife Restoration and Basic Hunter Education	2,823,081	81,325	
15.615	Cooperative Endangered Species Conservation Fund	29,785	5,400	
15.616	Clean Vessel Act	67,717	45,502	
15.622	Sportfishing and Boating Safety Act	126,935	79,466	

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
15.631	Partners for Fish and Wildlife	\$ 49,980		
15.633	Landowner Incentive Program	95,956		
15.634	State Wildlife Grants	669,929	86,762	
15.808	U.S. Geological Survey – Research and Data Collection	12,000		
15.810	National Cooperative Geologic Mapping Program	114,114	15,571	
15.904	Historic Preservation Fund Grants-In-Aid	495,815	43,143	
15.916	Outdoor Recreation – Acquisition, Development and Planning	612,284	197,461	
15.929	Save America’s Treasures	4,458		
		<u>9,007,605</u>	<u>562,453</u>	<u>—</u>
	U.S. Department of Justice:			
16.017	Sexual Assault Services Formula Program	116,158	76,544	
16.523	Juvenile Accountability Block Grants	153,029	15,000	
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	708,155	473,317	
16.554	National Criminal History Improvement Program (NCHIP)	150,872		
16.560	National Institute of Justice Research, Evaluation and Development Project Grants	43,390		
16.575	Crime Victim Assistance	1,315,577	616,801	627,750
16.576	Crime Victim Compensation	161,175		
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	701,781	60,677	
16.582	Crime Victim Assistance/Discretionary Grants	38,053	18,426	
16.588	ARRA-Violence Against Women Formula Grants	366,079	426,250	319,234
16.588	Violence Against Women Formula Grants	862,843	220,664	136,652
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	331,745	216,743	96,280
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	355,009	199,299	114,736
16.593	Residential Substance Abuse Treatment for State Prisoners	15,772		15,772
16.606	State Criminal Alien Assistance Program	27,240		
16.607	Bulletproof Vest Partnership Program	2,012		
16.609	Project Safe Neighborhoods	55,559		
16.710	Public Safety Partnership and Community Policing Grants	804,203	113,325	
16.727	Enforcing Underage Drinking Laws Program	338,424	260,850	
	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	83,617		
16.735	Edward Byrne Memorial Justice Assistance Grant Program	719,478	225,568	
16.738	Statewide Automated Victim Information Notification (SAVIN)	25,578		
16.740	Forensic DNA Backlog Reduction Program	181,403		
16.741	Paul Coverdell Forensic Science Improvement Grants Program	160,227		24,082
16.742	Anti-Gang Initiatives	35,089		
16.744	Criminal and Juvenile Justice and Mental Health Collaboration Program	53,719		
16.745	Convicted Offender and/or Arrestee DNA Backlog Reduction Program	54,381		
16.748	Support for Adam Walsh Act Implementation Grant Program	70,229		
16.750	Congressionally Recommended Awards	597,929		57,202
16.801	ARRA-Recovery Act – State Victim Compensation Formula Grant Program	193,047	85,597	119,960
16.803	ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	1,360,773	23,788	
16.810	ARRA-Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	119,478		
16.812	Second Chance Act Prisoner Reentry Initiative	120,082	118,250	
16.999	ATF Task Force	10,957		
16.999	Drug Enforcement Administration – DEA	9,621		
16.999	Marijuana Eradication	32,642		
16.999	New England High-Intensity Drug Trafficking Areas (HIDTA)	39,427		
16.999	U.S. Marshall’s District Fugitive Task Force	10,425		
16.999	FBI Joint Terrorism Task Force	14,188		
16.999	Border gap	14,592		
16.999	Evidence (Asset Seizure) Forfeiture Funds (Justice and Treasury)	231,254	5,456	
		<u>10,685,212</u>	<u>3,156,555</u>	<u>1,511,668</u>

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
U.S. Department of Labor:				
17.002	Labor Force Statistics	\$ 712,350		
17.005	Compensation and Working Conditions	25,280		
17.207	Employment Service/Wagner – Peyser Funded Activities	2,765,370		
17.207	ARRA-Employment Service/Wagner – Peyser Funded Activities	120,633		
17.225	Unemployment Insurance	142,694,705		
17.225	ARRA-Unemployment Insurance	58,373,549		
17.235	Senior Community Service Employment Program	669,443	648,434	
17.235	ARRA Senior Community Service Employment Program	500	500	
17.245	Trade Adjustment Assistance	1,016,846		
17.258	WIA Adult Program	2,163,406		29,929
17.258	ARRA-WIA Adult Program	143,145	93,367	
17.259	WIA Youth Activities	2,513,140		163,555
17.259	ARRA-WIA Youth Activities	143,209		
17.260	WIA Dislocated Workers	837,017		31,231
17.260	ARRA-WIA Dislocated Workers	307,071		
17.261	WIA Pilots, Demonstrations, and Research Projects	592,586	67,736	104,674
17.266	Work Incentives Grant	84,506		
17.275	ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and emerging Industry Sectors	1,946,250		1,276,708
17.278	WIA Dislocated Worker Formula Grants	1,204,271		11,134
17.503	Occupational Safety and Health – State Program	688,818		
17.504	Consultation Agreements	455,619		
17.505	OSHA Data Initiative	4,444		
17.600	Mine Health and Safety Grants	27,601		27,089
17.801	Disabled Veterans’ Outreach Program (DVOP)	157,602		
17.804	Local Veterans’ Employment Representative Program	446,912		
		<u>218,094,273</u>	<u>810,037</u>	<u>1,644,320</u>
U.S. Department of Transportation:				
20.106	Airport Improvement Program	1,261,417		
20.106	ARRA-Airport Improvement Program	4,043,686		
20.205	Highway Planning and Construction	197,153,674	12,925,357	111,907
20.205	ARRA-Highway Planning and Construction	44,515,790	6,769,125	209,535
20.218	National Motor Carrier Safety	1,400,290		
20.219	Recreational Trails Program	1,061,973	680,798	
20.314	Railroad Development	784,834		
20.319	ARRA-High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	16,026,176		
20.500	Federal Transit – Capital Investment Grants	213,136	92,066	
20.505	Metropolitan Transportation Planning	480,335	360,878	
20.509	Formula Grants for Other Than Urbanized Areas	11,301,607	11,230,931	
20.509	ARRA-Formula Grants for Other Than Urbanized Areas	2,175,748	2,175,748	
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	248,093	248,093	
20.514	Public Transportation Research	200,562	200,562	
20.515	State Planning and Research	1,081		
20.521	New Freedom Program	48,112	48,112	
20.600	State and Community Highway Safety	1,457,547	724,361	240,372
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	552,748	54,033	330,762
20.602	Occupant Protection Incentive Grants	159,226	9,258	
20.608	Minimum Penalties For Repeat Offenders For Driving While Intoxicated	573,681	52,064	521,617
20.609	Safety Belt Performance Grant	102,020	27,698	42,225
20.610	State Traffic Safety Information System Improvement Grants	395,586	336,700	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	10,924	(2,642)	13,566
20.613	Child Safety and Booster Seat Incentive Grant	70,545	27,954	
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	8		
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	148,605	48,368	
20.720	State Damage Protection Programs	30,381	24,666	
20.721	PHMSA Pipeline Safety Program One Call Grant	171,019		
		<u>284,588,804</u>	<u>36,034,130</u>	<u>1,469,984</u>
30.002	U.S. Attorney General: Equal Employment Opportunity Commission	46,950		
		<u>46,950</u>	<u>—</u>	<u>—</u>
39.011	U.S. General Services Administration: Election Reform Payments	258,554		
		<u>258,554</u>	<u>—</u>	<u>—</u>
45.301	U.S. Institute of Museum and Library Service: Museums for America	31,120		
45.310	Grants to States	849,742	66,410	
		<u>880,862</u>	<u>66,410</u>	<u>—</u>

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
U.S. Environmental Protection Agency:				
66.032	State Indoor Radon Grants	\$ 109,953	9,000	
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	247,758		
66.040	State Clean Diesel Grant Program	26,194	3,000	
66.040	ARRA-State Clean Diesel Grant Program	1,266,232	1,231,094	
66.042	Office of Research and Development Consolidated Research	114,077		
66.110	Healthy Communities Grant Program	14,500	14,500	
66.202	Congressionally Mandated Projects	5,288		
66.436	Surveys, Studies, Investigations, Demonstrations and Training Grants and Clean Water Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	28,305	12,215	
66.454	Water Quality Management Planning	83,430	35,013	
66.454	ARRA-Water Quality Management Planning	66,437	41,358	
66.458	Capitalization Grants for Clean Water State Revolving Funds	14,244,829	13,787,340	
66.458	ARRA-Capitalization Grants for Clean Water State Revolving Funds	6,222,600	6,161,385	
66.468	Capitalization Grants for Drinking Water State Revolving Funds	7,707,701	6,123,390	
66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Funds	4,559,857	4,225,148	
66.474	Water Protection Grants to the States	75,907		
66.481	Lake Champlain Basin Program	432,496	199,923	
66.605	Performance Partnership Grants	4,071,746	391,504	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	35,005		
66.641	Wetlands Protection State Development	4,193		
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	365,675		
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	25,000		
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	70,157		
66.709	Multi-Media Capacity Building Grants for States and Tribes	2,890		
66.802	Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements	61,032		
66.804	Underground Storage Tank Prevention, Detection, and Compliance Program	353,807		
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	532,937		
66.805	ARRA Leaking Underground Storage Tank Trust Fund	521,632	17,790	
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	151,822		
66.817	State and Tribal Response Program Grants	816,385	12,460	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	273,542	273,542	
66.818	ARRA – Brownfields Assessment and Cleanup Cooperative Agreements	132,718	124,039	
		<u>42,624,105</u>	<u>32,662,701</u>	<u>—</u>
U.S. Department of Energy:				
81.039	State Heating Oil and Propane Program	5,000		
81.041	State Energy Program	192,124	10,000	
81.041	ARRA-State Energy Program	6,256,792	2,964,791	293,357
81.042	Weatherization Assistance for Low – Income Persons	746,489		
81.042	ARRA-Weatherization Assistance for Low – Income Persons	7,406,307	7,140,758	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	400,000	400,000	
81.122	ARRA-Electricity Delivery & Energy Reliability, Research, Development and Analysis	249,564		
81.127	ARRA – State Energy Efficient Appliance Rebate Program	436,183		
81.128	ARRA – Energy Efficiency and Conservation Block Grant	3,392,334	3,068,118	
81.999	Sustainable Energy for Homes and Businesses (Sanders)	410,219	403,758	
		<u>19,495,012</u>	<u>13,987,425</u>	<u>293,357</u>
U.S. Department of Education:				
84.002	Adult Education – Basic Grants to States	865,769	759,226	
84.010	Title I Grants to Local Educational Agencies	31,372,411	30,782,346	
84.011	Migrant Education – State Grant Program	1,207,333	739,667	
84.013	Title I State Agency Program for Neglected and Delinquent Children	569,171	50,317	453,110
84.027	Special Education – Grants to States	23,787,668	21,779,266	7,649
84.048	Career and Technical Education – Basic Grants to States	3,700,795	3,251,401	40,218
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	13,082,473		
84.169	Independent Living – State Grants	236,994	173,152	
84.173	Special Education – Preschool Grants	696,100	550,477	
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind	311,502	225,000	
84.181	Special Education – Grants for Infants and Families	1,652,080	1,448,815	
84.185	Byrd Honors Scholarships	75,000	75,000	
84.186	Safe and Drug-Free Schools and Communities – State Grants	431,509	269,291	
84.187	Supported Employment Services for Individuals with Most Significant Disabilities	186,465		
84.196	Education for Homeless Children and Youth	206,950	177,840	
84.213	Even Start – State Educational Agencies	347,662	335,470	
84.224	Assistive Technology	511,678		
84.243	Tech-Prep Education	225,719	225,719	

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	\$ 148,833		
84.287	Twenty First Century Community Learning Centers	5,340,086	5,210,320	
84.318	Education Technology State Grants	902,162	827,590	
84.323	Special Education – State Personnel Development	482,164	301,416	
84.330	Advanced Placement Program	29,400		
84.357	Reading First	328,411	324,904	
84.365	English Language Acquisition Grants	456,187	272,759	
84.366	Math and Science Partnerships	1,042,689	943,541	
84.367	Improving Teacher Quality State Grants	13,770,023	13,334,776	
84.369	Grants for State Assessments and Related Activities (SARA)	3,851,565		
84.377	School Improvement Grants	970,906	877,607	
84.386	ARRA-Education Technology State Grants, Recovery Act	1,552,480	1,552,480	
84.387	ARRA-Education for Homeless Children and Youth, Recovery Act	42,906	42,906	
84.388	ARRA-School Improvement Grants, Recovery Act	2,853,015	2,853,015	
84.389	ARRA-Title I Grants to Local Educational Agencies, Recovery Act	11,874,204	11,874,204	
84.390	ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	757,085	72,966	
84.391	ARRA-Special Education – Grants to States, Recovery Act	12,206,998	12,206,998	
84.392	ARRA-Special Education – Preschool Grants, Recovery Act	437,721	437,721	
84.393	ARRA-Special Education – Grants for Infants and Families, Recovery Act	1,340,817		
84.394	ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	38,365,261	38,365,261	
84.397	ARRA – State Fiscal Stabilization Fund – Governmental Services, Recovery Act	386,839	98,090	288,749
84.398	ARRA-Independent Living State Grants, Recovery Act	114,462	66,835	
84.410	Education Jobs Fund	2,230,345		2,230,345
		<u>178,951,838</u>	<u>150,506,376</u>	<u>3,020,071</u>
	U.S. Election Assistance Commission			
90.401	Help America Vote Act Requirements Payments	438,963		
		<u>438,963</u>	<u>—</u>	<u>—</u>
	U.S. Department of Health and Human Services:			
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	25,129	25,129	
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals	85,800	85,800	
93.043	Special Programs for the Aging-Title III, Part D – Disease Prevention and Health Promotion Services	112,396	112,396	
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	1,871,662	1,871,662	
93.045	Special Programs for the Aging – Title III, Part C -Nutrition Services	3,429,085	3,429,085	
93.048	Special Programs for the Aging – Title IV – Training, Research and Discretionary Projects	141,185		
93.051	Alzheimer’s Disease Demonstration Grants to States	17,306		
93.052	National Family Caregiver Support, Title III, Part E	673,570	349,346	
93.053	Nutrition Services Incentive Program	708,839	708,839	
93.069	Public Health Emergency Preparedness	6,033,810	253,305	
93.070	Environmental Public Health and Emergency Response	884,757	22,000	
93.071	Medicare Enrollment Assistance Program	18,096	18,096	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	394		
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,670,687	1,626,466	
93.110	Maternal and Child Health Federal Consolidated Programs	543,536	137,796	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	174,251		
93.127	Emergency Medical Services for Children	129,095		
93.130	Cooperative Agreements to States/ Territories for the Coordination and Development of Primary Care Offices	132,145		
93.136	Injury Prevention and Control Research and State and Community Based Programs	166,534	76,605	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	212,587	212,256	
93.197	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	371,046		
93.217	Family Planning – Services	786,817	772,443	
93.230	Consolidated Knowledge Development and Application Program	103,970		
93.234	Traumatic Brain Injury – State Demonstration Grant Program	1,098		
93.236	Grants to States to Support Oral Health Workforce Activities	12,569	12,569	
93.241	State Rural Hospital Flexibility Program	263,654	221,940	
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	5,072,469	3,706,857	
93.251	Universal Newborn Hearing Screening	262,185	251,594	
93.268	Immunization Grants	1,904,391	10,000	

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
93.270	Adult Viral Hepatitis Prevention and Control	\$ 106,753		
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance		311,692	
93.296	State Partnership Grant Program to Improve Minority Health	4,676,528		
93.301	Small Rural Hospital Improvement Grants Program	14,853		
93.414	ARRA – State Primary Care Offices	68,868	63,000	
93.500	Pregnancy Assistance Fund Program	38,190	38,190	
93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	299,118		
93.511	Affordable Care Act – Grants to States for Health Insurance Premium Review	116,906		
93.517	Affordable Care Act – Aging and Disability Resource Center	113,856		
93.518	Affordable Care Act – Medicare Improvements for Patients and Providers	31,920		
93.519	Affordable Care Act – Consumer Assistance Program Grants	25,622	25,622	
93.521	Affordable Care Act – ELC & EIP	68,702		
93.525	State Planning and Establishment Grants for the Affordable Care Act	52,403		
93.550	Transitional Living for Homeless Youth	287,351		
93.556	Promoting Safe and Stable Families	49,695	44,846	
93.558	Temporary Assistance for Needy Families	554,510		
93.563	Child Support Enforcement	35,597,735	135,061	
93.563	ARRA-Child Support Enforcement	8,537,702		
93.566	Refugee and Entrant Assistance – State Administered Programs	477,760		
93.568	Low-Income Home Energy Assistance	657,974	234,839	
93.569	Community Services Block Grant	30,346,791	5,231,357	
93.575	Child Care and Development Block Grant	3,751,375	3,489,282	
93.576	Refugee and Entrant Assistance – Discretionary Grants	9,942,744	3,591,703	
93.586	State Court Improvement Program	133,750	120,374	
93.590	Community – Based Child Abuse Prevention Grants	388,339		
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	254,822	254,822	
93.597	Grants to States for Access and Visitation Programs	6,892,884	599,974	
93.599	Chafee Education and Training Vouchers Program (ETV)	102,560		
93.600	Head Start	91,270	91,270	
93.617	Voting Access for Individuals with Disabilities – Grants for Protection and Advocacy Programs	96,078		
93.630	Developmental Disabilities Basic Support and Advocacy Grants	101,978	83,725	
93.643	Children’s Justice Grants to States	516,817	186,453	
93.645	Child Welfare Services – State Grants	32,087	6,450	
93.658	Foster Care – Title IV-E	579,947		
93.658	ARRA-Foster Care – Title IV-E	9,805,067		
93.659	Adoption Assistance	402,907		
93.659	ARRA-Adoption Assistance	7,935,394		
93.667	Social Services Block Grant	552,583		
93.669	Child Abuse and Neglect State Grants	8,209,036	1,414,730	
93.671	Family Violence Prevention and Services/Grants for Battered Women’s Shelters – Grants to States and Indian Tribes	146,411		
93.674	Chafee Foster Care Independence Program	718,612	711,270	
93.708	ARRA – Head Start	525,120	21,443	
93.710	ARRA Community Services Block Grant	117,499		
93.713	ARRA Child Care and Development Block Grant	1,725,583	1,694,602	
93.716	ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants	1,371,066		
93.717	ARRA – Preventing Healthcare-Associated Infections	5,792,397		
93.719	ARRA – State Grants to Promote Health Information Technology	346,785	200,000	
93.723	ARRA – Prevention and Wellness-State, Territories and Pacific Islands	1,102,944		
93.725	ARRA – Communities Putting Prevention to Work: Chronic Disease Self Management Program	310,178	52,500	
93.767	Children’s Health Insurance Program	43,533	42,000	
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	5,939,585		
93.775	State Medicaid Fraud Control Units	782,092	242,115	
93.777	State Survey and Certification of Health Care Providers and Suppliers	516,436		
93.778	Medical Assistance Program	1,906,150		
93.778	ARRA-Medical Assistance Program	767,002,293	364,104	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	115,999,514		
93.889	National Bioterrorism Hospital Preparedness Program	245,512	231,001	
93.913	Grants to States for Operation of Offices of Rural Health	1,116,311	578,398	
93.917	HIV Care Formula Grants	147,810	30,000	
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	698,942		
93.940	HIV Prevention Activities – Health Department Based	220,724	36,383	34,788
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	1,372,949	603,869	
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	116,749		
93.958	Block Grants for Community Mental Health Services	190,117		
93.959	Block Grants for Prevention and Treatment of Substance Abuse	743,595	743,595	
93.977	Preventive Health Services – Sexually Transmitted Disease Control Grants	5,402,716	1,034,541	
93.991	Preventive Health and Health Services Block Grant	195,176	12,000	
		270,949		

STATE OF VERMONT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

CFDA number	Federal agency/program type	Expenditures	Amounts passed through to subrecipients	Amounts transferred to state agencies
93.994	Maternal and Child Health Services Block Grant to the States	\$ 1,684,985	1,029,746	
		<u>1,074,474,671</u>	<u>37,455,141</u>	<u>34,788</u>
	U.S. Corporation for National Community Service:			
94.003	State Commissions	306,143		
94.006	AmeriCorps	1,569,409	1,563,492	
94.006	ARRA-AmeriCorps	60,487	60,487	
94.007	Program Development and Innovation Grants	73,191		
94.009	Training and Technical Assistance	31,071		
		<u>2,040,301</u>	<u>1,623,979</u>	<u>—</u>
	U.S. Social Security Administration:			
96.001	Social Security – Disability Insurance	5,321,917		
96.008	Social Security-Work Incentives Planning and Assistance Program	86,430	19,821	
		<u>5,408,347</u>	<u>19,821</u>	<u>—</u>
	U.S. Department of Homeland Security:			
97.001	Interoperable Emergency Communications Grant Program	264,943		
97.012	Boating Safety Financial Assistance	672,922	25,000	199,131
	Community Assistance Program – State Support Services Element (CAP – SSSE)	162,916	13,500	
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	1,569,097	1,526,815	
97.039	Hazard Mitigation Grant	820,081	820,081	
97.041	National Dam Safety Program	96,016		
97.042	Emergency Management Performance Grants	2,355,958	653,183	62,464
97.043	State Fire Training Systems Grants	37,652		
97.045	Cooperating Technical Partners	108,152		
97.047	Pre-Disaster Mitigation	113,229	79,349	33,739
97.052	Emergency Operations Center	385,586		385,586
97.056	Port Security Grant Program	17,490		
97.067	Homeland Security Grant Program	10,841,966	1,779,668	285,471
97.082	Earthquake Consortium	36,268	9,075	
97.090	Law Enforcement Officer Reimbursement Agreement Program	47,483	28,649	
97.116	ARRA-Port Security Grant Program	330,454	272,402	
		<u>17,860,213</u>	<u>5,207,722</u>	<u>966,391</u>
	Total direct monetary awards	<u>1,987,155,023</u>	<u>330,984,876</u>	<u>9,023,297</u>
	Nonmonetary programs:			
	U.S. Department of Agriculture:			
10.551	Supplemental Nutrition Assistance Program (EBT)	109,833,739		
10.555	National School Lunch Program Commodities	2,262,686		
10.558	Child and Adult Care Food Program Commodities	10,749		
10.560	State Administrative Expenses for Child Nutrition			
10.565	Commodity Supplemental Food Program	536,191		
10.569	Emergency Food Assistance Program (Food Commodities)	1,293,392		
10.569	ARRA-Emergency Food Assistance Program (Food Commodities)	16,738		
	Total U.S. Department of Agriculture	<u>113,953,495</u>	<u>—</u>	<u>—</u>
	Buildings and general services:			
39.003	Donation of Federal Surplus Personal Property	357,855		
		<u>357,855</u>	<u>—</u>	<u>—</u>
	U.S. Dept of Health and Human Services:			
93.268	Immunization Grants – Vaccine	6,084,591		
		<u>6,084,591</u>	<u>—</u>	<u>—</u>
	Total direct nonmonetary federal assistance	<u>120,395,941</u>	<u>—</u>	<u>—</u>
	Indirect federal grants:			
10.664	Cooperative Forestry Assistance	589		
10.678	Forest Stewardship Program	26,498		
11.558	ARRA-State Broadband Data and Development Grant Program	127,070		
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative	144,890		
16.547	Victims Child Abuse	79,136		
16.560	National Institute of Justice Research, Evaluation and Development Project Grants	12,314		
17.261	WIA Pilots, Demonstrations, and Research Projects	115,044		35,516
64.005	Grants to States for Construction of State Home Facilities	1,998,710		
93.999	ADAP Data Collection	32,296		
	Total indirect federal grants	<u>2,536,547</u>	<u>—</u>	<u>35,516</u>
	Total direct federal grants	<u>2,107,550,964</u>	<u>330,984,876</u>	<u>9,023,297</u>
	Total federal financial aid expended	<u>\$ 2,110,087,511</u>	<u>330,984,876</u>	<u>9,058,813</u>

STATE OF VERMONT
 Schedule of Expenditures of Federal Awards
 by Vermont State Agency
 Year ended June 30, 2011

VT agency/department	CFDA number	Federal agency/program type	Expenditures	Subgranted to non state of Vermont entities	Subgranted to State of Vermont Agencies
Administration Secretary	84.394	ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recover Act	\$ 38,365,261	38,365,261	
Administration Secretary	84.397	ARRA-State Fiscal Stabilization Fund (SFSF) – General Services, Recovery Act	386,839	98,090	288,749
Administration Secretary	84.410	Education Jobs Bill	2,230,345		2,230,345
Administration Secretary total			<u>40,982,445</u>	<u>38,463,351</u>	<u>2,519,094</u>
Agriculture	10.025	Plant and Animal Disease, Pest Control, and Animal Care	233,440	350	
Agriculture	10.156	Federal-State Marketing Improvement Programs	1,373		
Agriculture	10.163	Marketing Protection and Promotion	19,200		
Agriculture	10.169	Specialty Crop Block Grant Program	247,840	189,870	
Agriculture	10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	795,376		
Agriculture	10.769	Rural Business Enterprise Grants	13,462	6,200	
Agriculture	10.776	Agriculture Innovation Center	440,258		42,250
Agriculture	10.912	Environmental Quality Incentive Program	27,607		
Agriculture	10.999	Long Term Standing Agreements For Storage, Transportation and Lease	249,150		
Agriculture	66.700	Consolidated Pesticide Enforcement Cooperative Agreements	365,675		
Agriculture total			<u>2,393,381</u>	<u>196,420</u>	<u>42,250</u>
Attorney General	30.002	Equal Employment Opportunity Commission	46,950		
Attorney General	93.775	State Medicaid Fraud Control Units	516,436		
Attorney General total			<u>563,386</u>	<u>—</u>	<u>—</u>
BISCHA	93.511	Affordable Care Act Personal and Home Care Aide State Training Program	113,856		
BISCHA	93.519	Affordable Care Act – Consumer Assistance Program Grants	68,702		
BISCHA total			<u>182,558</u>	<u>—</u>	<u>—</u>
Buildings & General Services	14.251	Economic Development Initiative – Special Project, Neighborhood Initiative and Miscellaneous Grants	144,890		
Buildings & General Services	39.003	Donation of Federal Surplus Personal Property	357,855		
Buildings & General Services	64.005	Grants to States for Construction of State Home Facilities	1,998,710		
Buildings & General Services total			<u>2,501,455</u>	<u>—</u>	<u>—</u>
Commerce	10.999	Presidential Disaster in FFY2008	81,211	77,116	
Commerce	11.113	ITA Special Projects	48,780	6,225	
Commerce	12.002	Procurement Technical Assistance For Business Firms	399,420	133,378	
Commerce	14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	15,434,348	15,156,960	
Commerce	14.239	Home Investment Partnerships Program	373,759	237,005	
Commerce	14.239	Home Investment Partnerships Program – VHCB	2,721,068	2,721,068	
Commerce	14.255	ARRA – Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii – (Recovery Funded)	954,394	902,799	
Commerce	15.904	Historic Preservation Fund Grants-In-Aid	495,815	43,143	
Commerce	15.929	Save Americas Treasures	1,240	—	
Commerce	15.929	Save Americas Treasures	3,218	—	
Commerce	45.301	Museums of America	31,120	—	
Commerce	66.818	Brownfields Assessment and Cleanup Cooperative Agreements	132,718	124,039	
Commerce	66.818	ARRA – Brownfields Assessment and Cleanup Cooperative Agreements	273,542	273,542	
Commerce total			<u>20,950,633</u>	<u>19,675,275</u>	<u>—</u>
Ctr. for Crime Victims Svcs.	16.017	Sexual Assault Services Formula Program	116,158	76,544	
Ctr. for Crime Victims Svcs.	16.575	Crime Victim Assistance	1,315,577	616,801	627,750
Ctr. for Crime Victims Svcs.	16.576	Crime Victim Compensation	161,175		
Ctr. for Crime Victims Svcs.	16.582	Crime Victim Assistance/Discretionary Grants	38,053	18,426	
Ctr. for Crime Victims Svcs.	16.588	Violence Against Women Formula Grants	862,843	426,250	319,234
Ctr. for Crime Victims Svcs.	16.588	ARRA-Recovery Act Violence Against Women Formula Grants	366,079	220,664	136,652
Ctr. for Crime Victims Svcs.	16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	331,745	216,743	96,280
Ctr. for Crime Victims Svcs.	16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	355,009	199,299	114,736
Ctr. for Crime Victims Svcs.	16.801	ARRA-Recovery Act State Victim Assistance Formula Grant	193,047	85,597	119,960
Ctr. for Crime Victims Svcs.	16.802	ARRA-Recovery Act Crime Victim Compensation Formula Grant			
Ctr. for Crime Victims Svcs.	93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters – Grants to States and Indian Tribes	718,612	711,270	
Ctr. for Crime Victims Svcs. total			<u>4,458,298</u>	<u>2,571,594</u>	<u>1,414,612</u>
Education	10.553	School Breakfast Program	4,562,829	4,546,457	11,248
Education	10.555	National School Lunch Program – Commodities	12,828,506	12,838,024	22,281
Education	10.555	National School Lunch Program – Commodities	2,262,686		
Education	10.556	Special Milk Program for Children	54,665	54,503	
Education	10.558	Child and Adult Care Food Program	4,882,044	4,780,803	
Education	10.558	Child and Adult Care Food Program – Commodities	10,749		
Education	10.559	Summer Food Service Program for Children	424,768	391,452	6,939
Education	10.560	State Administrative Expenses for Child Nutrition	334,961	500	
Education	10.582	Fresh Fruit & Vegetable Program	871,011	838,258	
Education	81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	400,000	400,000	
Education	84.002	Adult Education – Basic Grants to States	865,769	759,226	
Education	84.010	Title I Grants to Local Educational Agencies	31,372,411	30,782,346	
Education	84.011	Migrant Education _ State Grant Program	1,207,333	739,667	
Education	84.013	Title I State Agency Program for Neglected and Delinquent Children	569,171	50,317	453,110
Education	84.027	Special Education _ Grants to States	23,787,668	21,779,266	7,649
Education	84.048	Career and Technical Education – Basic Grants to States	3,700,795	3,251,401	40,218
Education	84.173	Special Education _ Preschool Grants	696,100	550,477	
Education	84.185	Byrd Honors Scholarships	75,000	75,000	
Education	84.186	Safe and Drug-Free Schools and Communities – State Grants	329,765	269,291	
Education	84.196	Education for Homeless Children and Youth	206,950	177,840	
Education	84.213	Even Start – State Educational Agencies	347,662	335,470	
Education	84.243	Tech-Prep Education	225,719	225,719	
Education	84.287	Twenty First Century Community Learning Centers	5,340,086	5,210,320	
Education	84.318	Education Technology State Grants	902,162	827,590	
Education	84.323	Special Education – State Personnel Development	482,164	301,416	
Education	84.330	Advanced Placement Program	29,400		
Education	84.357	Reading First	328,411	324,904	
Education	84.365	English Language Acquisition Grants	456,187	272,759	
Education	84.366	Math and Science Partnerships	1,042,689	943,541	
Education	84.367	Improving Teacher Quality State Grants	13,770,023	13,334,776	
Education	84.369	Grants for State Assessments & Related Activities	3,851,565		
Education	84.377	School Improvement Grants	970,906	877,607	
Education	84.386	ARRA – Education Technology State Grants, Recovery Act	1,552,480	1,552,480	
Education	84.387	ARRA-Education for Homeless Children and Youth, Recovery Act	42,906	42,906	
Education	84.388	ARRA-School Improvement Grants, Recovery Act	2,853,015	2,853,015	
Education	84.389	ARRA-Title I Grants to Local Educational Agencies, Recovery Act	11,874,204	11,874,204	
Education	84.391	ARRA-Special Education – Grants to States, Recovery Act	12,206,998	12,206,998	

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VT agency/department	CFDA number	Federal agency/program type	Expenditures	Subgranted to non state of Vermont entities	Subgranted to State of Vermont Agencies
Education	84.392	ARRA-Special Education – Preschool Grants, Recovery Act	\$ 437,721	437,721	
Education	93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	220,724	36,383	34,788
Education total			146,378,203	133,942,637	576,233
Human Rights Commission	14.999	Office of Fair Housing-Assistance Grant	143,166		
Human Rights Commission total			143,166	—	—
Human Services	10.551	Supplemental Nutrition Assistance Program (Cash)	18,158,952		
Human Services	10.551	Supplemental Nutrition Assistance Program	4,552,068		
Human Services	10.551	Supplemental Nutrition Assistance Program (EBT)	22,015,259		
Human Services	10.551	Supplemental Nutrition Assistance Program (EBT)	87,818,480		
Human Services	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	13,993,839		
Human Services	10.560	State Administrative Expenses for Child Nutrition	60,873		
Human Services	10.561	ARRA-Administrative Matching Grants for Supplemental Nutrition Assistance Program	19,876		
Human Services	10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	11,688,666	313,889	
Human Services	10.565	Commodity Supplemental Food Program	263,349	260,849	
Human Services	10.565	Commodity Supplemental Food Program	536,191		
Human Services	10.568	Emergency Food Assistance Program (Administrative Costs)	77,109	77,109	
Human Services	10.568	ARRA-Emergency Food Assistance Program (Administrative Costs)	59,664	59,664	
Human Services	10.569	Emergency Food Assistance Program (Food Commodities)	1,293,392		
Human Services	10.569	ARRA-Emergency Food Assistance Program (Food Commodities)	16,738		
Human Services	10.572	WIC Farmers' Market Nutrition Program (FMNP)	73,148		
Human Services	10.576	Senior Farmers Market Nutrition Program	91,501	51,500	
Human Services	10.578	ARRA-WIC Grants To States (WGS)	131,823		
Human Services	10.580	Supplemental Nutrition Assistance Program Outreach/ Participation Project	138,976	65,061	
Human Services	14.231	Emergency Shelter Grants Program	377,312	377,312	
Human Services	14.251	Economic Development Initiative - Special Project, Neighborhood Initiative	453,563	453,563	
Human Services	14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	1,631,348	1,609,464	
Human Services	16.523	Juvenile Accountability Block Grants	153,029	15,000	
Human Services	16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	708,155	473,317	
Human Services	16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	258,041		
Human Services	16.606	State Criminal Alien Assistance Program	27,240		
Human Services	16.710	Public Safety Partnership and Community Policing Grants	222,943		
Human Services	16.727	Enforcing Underage Drinking Laws Program	338,424	260,850	
Human Services	16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	83,617		
Human Services	16.740	Statewide Automated Victim Information Notification (SAVIN) Program	25,578		
Human Services	16.750	Support for Adam Walsh Act Implementation Grant Program	70,229		
Human Services	16.812	Second Chance Act Prisoner Reentry Initiative	120,082	118,250	
Human Services	17.235	Senior Community Service Employment Program	669,443	648,434	
Human Services	17.235	ARRA Senior Community Service Employment Program	500	500	
Human Services	17.261	WIA Pilots, Demonstrations, and Research Projects	312,029		
Human Services	66.032	State Indoor Radon Grants	109,953	9,000	
Human Services	66.110	Healthy Communities Grant Program	14,500	14,500	
Human Services	66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	25,000		
Human Services	66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	70,157		
Human Services	81.042	Weatherization Assistance for Low – Income Persons	746,489		
Human Services	81.042	ARRA-Weatherization Assistance for Low – Income Persons	7,406,307	7,140,758	
Human Services	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	13,082,473		
Human Services	84.169	Independent Living – State Grants	236,994	173,152	
Human Services	84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind	311,502	225,000	
Human Services	84.181	Special Education – Grants for Infants and Families	1,652,080	1,448,815	
Human Services	84.186	Safe and Drug-Free Schools and Communities – State Grants	101,744		
Human Services	84.187	Supported Employment Services for Individuals with Most Significant Disabilities	186,465		
Human Services	84.224	Assistive Technology	511,678		
Human Services	84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	148,833		
Human Services	84.390	ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	757,085	72,966	
Human Services	84.393	ARRA-Special Education – Grants for Infants and Families, Recovery Act	1,340,817		
Human Services	84.398	ARRA-Independent Living State Grants, Recovery Act	114,462	66,835	
Human Services	93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	25,129	25,129	
Human Services	93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals	85,800	85,800	
Human Services	93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	112,396	112,396	
Human Services	93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	1,871,662	1,871,662	
Human Services	93.045	Special Programs for the Aging – Title III, Part C - Nutrition Services	3,429,085	3,429,085	
Human Services	93.048	Special Programs for the Aging – Title IV – Training, Research and Discretionary Projects	141,185		
Human Services	93.051	Alzheimer's Disease Demonstration Grants to States	17,306		
Human Services	93.052	National Family Caregiver Support, Title III, Part E	673,570	349,346	
Human Services	93.053	Nutrition Services Incentive Program	708,839	708,839	
Human Services	93.069	Public Health Emergency Preparedness	6,033,810	253,305	
Human Services	93.070	Environmental Public Health and Emergency Response	884,757	22,000	
Human Services	93.071	Medicare Enrollment Assistance Program	18,096	18,096	
Human Services	93.092	(ACA) Personal Responsibility Education Program	394		
Human Services	93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,670,687	1,626,466	
Human Services	93.110	Maternal and Child Health Federal Consolidated Programs	543,536	137,796	
Human Services	93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	174,251		
Human Services	93.127	Emergency Medical Services for Children	129,095		
Human Services	93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	132,145		
Human Services	93.136	Injury Prevention and Control Research and State and Community Based Programs	166,534	76,605	
Human Services	93.150	Projects for Assistance in Transition from Homelessness (PATH)	212,587	212,256	
Human Services	93.197	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	371,046		
Human Services	93.217	Family Planning – Services	786,817	772,443	
Human Services	93.230	Consolidated Knowledge Development and Application Program	103,970		
Human Services	93.234	Traumatic Brain Injury – State Demonstration Grant Program	1,098		
Human Services	93.236	Grants for Dental Public Health Residency Training	12,569	12,569	
Human Services	93.241	State Rural Hospital Flexibility Program	263,654	221,940	
Human Services	93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	4,855,355	3,706,857	
Human Services	93.251	Universal Newborn Hearing Screening	262,185	251,594	
Human Services	93.268	Immunization Grants	6,084,591		
Human Services	93.268	Immunization Grants Vaccine	1,904,391	10,000	

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VT agency/department	CFDA number	Federal agency/program type	Expenditures	Subgranted to non state of Vermont entities	Subgranted to State of Vermont Agencies
Human Services	93.270	Adult Viral Hepatitis Prevention	\$ 106,753		
Human Services	93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	4,676,528	311,692	
Human Services	93.296	State Partnership Grant Program	14,853		
Human Services	93.301	Small Rural Hospital Improvement Grants Program	68,868	63,000	
Human Services	93.414	ARRA – State Primary Care Offices	38,190	38,190	
Human Services	93.500	Pregnancy Assistance Fund Program	299,118		
Human Services	93.507	Strengthening Public Health Infrastructure for Improved Health Outcomes	116,906		
Human Services	93.517	Affordable Care Act (ACA) Aging and Disability Resource Center	31,920		
Human Services	93.518	Affordable Care Act – Medicare Improvements for Patients and Providers	25,622	25,622	
Human Services	93.521	Affordable Care Act – ELC & EIP	52,403		
Human Services	93.525	State Planning and Establishment Grants for the Affordable Care Act	287,351		
Human Services	93.550	Transitional Living for Homeless Youth	49,695	44,846	
Human Services	93.556	Promoting Safe and Stable Families	554,510		
Human Services	93.558	Temporary Assistance for Needy Families	35,597,735	135,061	
Human Services	93.563	Child Support Enforcement	8,537,702		
Human Services	93.563	ARRA-Child Support Enforcement	477,760		
Human Services	93.566	Refugee and Entrant Assistance – State Administered Programs	657,974	234,839	
Human Services	93.568	Low-Income Home Energy Assistance	30,346,791	5,231,357	
Human Services	93.569	Community Services Block Grant	3,751,375	3,489,282	
Human Services	93.575	Child Care and Development Block Grant	9,942,744	3,591,703	
Human Services	93.576	Refugee and Entrant Assistance – Discretionary Grants	133,750	120,374	
Human Services	93.590	Community – Based Child Abuse Prevention Grants	254,822	254,822	
Human Services	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	6,892,884	599,974	
Human Services	93.597	Grants to States for Access and Visitation Programs	102,560		
Human Services	93.599	Chafee Education and Training Vouchers Program (ETV)	91,270	91,270	
Human Services	93.600	Head Start	96,078		
Human Services	93.630	Developmental Disabilities Basic Support and Advocacy Grants	516,817	186,453	
Human Services	93.643	Children's Justice Grants to States	32,087	6,450	
Human Services	93.645	Child Welfare Services – State Grants	579,947		
Human Services	93.658	Foster Care – Title IV-E	9,805,067		
Human Services	93.658	ARRA-Foster Care – Title IV-E	402,907		
Human Services	93.659	Adoption Assistance	7,935,394		
Human Services	93.659	ARRA-Adoption Assistance	552,583		
Human Services	93.667	Social Services Block Grant	8,209,036	1,414,730	
Human Services	93.669	Child Abuse and Neglect State Grants	146,411		
Human Services	93.674	Chafee Foster Care Independence Program	525,120	21,443	
Human Services	93.708	ARRA-Head Start	117,499		
Human Services	93.710	ARRA – Community Services Block Grant	1,725,583	1,694,602	
Human Services	93.713	ARRA – Child Care and Development Block Grant	1,371,066		
Human Services	93.716	ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants	5,792,397		
Human Services	93.717	ARRA – Preventing Healthcare-Associated Infections	346,785	200,000	
Human Services	93.719	ARRA – State Grants to Promote Health Information Technology	1,102,944		
Human Services	93.723	ARRA – Prevention and Wellness-State, Territories and Pacific Islands	310,178	52,500	
Human Services	93.725	ARRA-Communities Putting Prevention to Work	43,533	42,000	
Human Services	93.767	Children's Health Insurance Program	5,939,585		
Human Services	93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	782,092	242,115	
Human Services	93.777	State Survey and Certification of Health Care Providers and Suppliers	1,906,150		
Human Services	93.778	Medical Assistance Program	767,002,293	364,104	
Human Services	93.778	ARRA-Medical Assistance Program	115,999,514		
Human Services	93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	245,512	231,001	
Human Services	93.889	National Bioterrorism Hospital Preparedness Program	1,116,311	578,398	
Human Services	93.913	Grants to States for Operation of Offices of Rural Health	147,810	30,000	
Human Services	93.917	HIV Care Formula Grants	698,942		
Human Services	93.940	HIV Prevention Activities – Health Department Based	1,372,949	603,869	
Human Services	93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	116,749		
Human Services	93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	190,117		
Human Services	93.958	Block Grants for Community Mental Health Services	743,595	743,595	
Human Services	93.959	Block Grants for Prevention and Treatment of Substance Abuse	5,402,716	1,034,541	
Human Services	93.977	Preventive Health Services – Sexually Transmitted Disease Control Grants	195,176	12,000	
Human Services	93.991	Preventive Health and Health Services Block Grant	270,949		
Human Services	93.994	Maternal and Child Health Services Block Grant to the States	1,684,985	1,029,746	
Human Services	93.999	ADAP Data Collection	32,296		
Human Services	94.003	State Commissions	306,143		
Human Services	94.006	AmeriCorps	1,569,409	1,563,492	
Human Services	94.006	ARRA-AmeriCorps	60,487	60,487	
Human Services	94.007	Program Development and Innovation Grants	73,191		
Human Services	94.009	Training and Technical Assistance	31,071		
Human Services	96.001	Social Security – Disability Insurance	5,321,917		
Human Services	96.008	Social Security Work Incentives Planning and Assistance Program	86,430	19,821	
Human Services total			1,278,952,421	52,203,351	—
Judiciary	16.547	Victims Child Abuse	79,136		
Judiciary	16.580	OJP VT V-Case Project	100,000		
Judiciary	16.710	COPS Technical Program	325,000		
Judiciary	16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	53,719		
Judiciary	16.753	Congressionally Recommended Awards	96,060		
Judiciary		Substance Abuse and Mental Health Services – Projects of Regional and National Significance	217,114		
Judiciary	93.243		388,339		
Judiciary	93.586	State Court Improvement Program	1,259,368		
Judiciary total				—	—
Labor	17.002	Labor Force Statistics	712,350		
Labor	17.005	Compensation and Working Conditions	25,280		
Labor	17.207	Employment Service/Wagner – Peyser Funded Activities	2,765,370		
Labor	17.207	ARRA-Employment Service/Wagner – Peyser Funded Activities	120,633		
Labor	17.225	Unemployment Insurance	58,373,549		
Labor	17.225	ARRA-Unemployment Insurance	142,694,705		
Labor	17.245	Trade Adjustment Assistance	1,016,846		
Labor	17.258	WIA Adult Program	2,163,406		
Labor	17.258	ARRA-WIA Adult Program	143,145	93,367	
Labor	17.259	WIA Youth Activities	2,513,140		29,929
					163,555

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VT agency/department	CFDA number	Federal agency/program type	Expenditures	Subgranted to non state of Vermont entities	Subgranted to State of Vermont Agencies
Labor	17.259	ARRA-WIA Youth Activities	\$ 143,209		
Labor	17.260	WIA Dislocated Workers	837,017		31,231
Labor	17.260	ARRA-WIA Dislocated Workers	307,071		
Labor	17.261	WIA Pilots, Demonstrations, and Research Projects	115,044		35,516
Labor	17.261	Employment & Training Administration Pilots, Demonstrations and Research Projects	280,557	67,736	104,674
Labor	17.266	Work Incentives Grant	84,506		11,134
		ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	1,946,250		1,276,708
Labor	17.503	Occupational Safety and Health - State Program	688,818		
Labor	17.278	WIA Dislocated Worker Formula Grants	1,204,271		
Labor	17.504	Consultation Agreements	455,619		
Labor	17.505	OSHA Data Initiative	4,444		
Labor	17.600	Mine Health and Safety Grants	27,601		27,089
Labor	17.801	Disabled Veterans' Outreach Program (DVOP)	157,602		
Labor	17.804	Local Veterans' Employment Representative Program	446,912		
Labor total			<u>217,227,345</u>	<u>161,103</u>	<u>1,679,836</u>
Libraries	45.310	Grants to States	849,742	66,410	
Libraries total			<u>849,742</u>	<u>66,410</u>	<u>—</u>
Military	12.400	Military Construction, National Guard	498,781		
Military	12.401	National Guard Military Operation & Maintenance (O&M) Projects	15,025,620		
Military	12.404	National Guard ChalleNGe Program	513,134		
Military total			<u>16,037,535</u>	<u>—</u>	<u>—</u>
Natural Resources-DEC	12.100	Aquatic Plant Control	472,453	140,143	
Natural Resources-DEC	12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	15,181		
Natural Resources-DEC	15.608	Fish and Wildlife Management Assistance	22,197	2,948	
Natural Resources-DEC	15.631	Partners for Fish & Wildlife	49,980		
Natural Resources-DEC	15.808	U.S. Geological Survey - Research and Data Collection	12,000		
Natural Resources-DEC	15.810	National Cooperative Geologic Mapping Program	114,114	15,571	
Natural Resources-DEC	66.042	Office of Research and Development Consolidated Research	114,077		
Natural Resources-DEC	66.034	Surveys, Studies, Researches, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	247,758		
Natural Resources-DEC	66.040	State Clean Diesel Grant Program	26,194	3,000	
Natural Resources-DEC	66.040	ARRA-State Clean Diesel Grant Program	1,266,232	1,231,094	
Natural Resources-DEC	66.202	Congressionally Mandated Projects	5,288		
Natural Resources-DEC	66.436	Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	28,305	12,215	
Natural Resources-DEC	66.454	Water Quality Management Planning	83,430	35,013	
Natural Resources-DEC	66.454	ARRA-Water Quality Management Planning	66,437	41,358	
Natural Resources-DEC	66.458	Capitalization Grants for Clean Water State Revolving Funds	14,244,829	13,787,340	
Natural Resources-DEC	66.458	ARRA-Capitalization Grants for Clean Water State Revolving Funds	6,222,600	6,161,385	
Natural Resources-DEC	66.468	Capitalization Grants for Drinking Water State Revolving Funds	4,559,857	4,225,148	
Natural Resources-DEC	66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Funds	7,707,701	6,123,390	
Natural Resources-DEC	66.474	Water Protection Grants to the States	75,907		
Natural Resources-DEC	66.481	Lake Champlain Basin Program	432,496	199,923	
Natural Resources-DEC	66.605	Performance Partnership Grants	4,071,746	391,504	
Natural Resources-DEC	66.608	State Information Grants	35,005		
Natural Resources-DEC	66.709	Multi-Media Capacity Building Grants for States and Tribes	2,890		
Natural Resources-DEC	66.802	Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements	61,032		
Natural Resources-DEC	66.804	Underground Storage Tank Prevention, Detection, and Compliance Program	353,807		
Natural Resources-DEC	66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	532,937		
Natural Resources-DEC	66.805	ARRA Leaking Underground Storage Tank Trust Fund	521,632	17,790	
Natural Resources-DEC	66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	151,822		
Natural Resources-DEC	66.817	State and Tribal Response Program Grants	816,385	12,460	
Natural Resources-DEC	97.023	Community Assistance Program - State Support Services Element (CAP - SSSE)	162,916	13,500	
Natural Resources-DEC	97.041	National Dam Safety Program	96,016		
Natural Resources-DEC	97.045	Cooperating Technical Partners	108,152		
Natural Resources-DEC	97.082	Earthquake Consortium	36,268	9,075	
Natural Resources-DEC total			<u>42,717,644</u>	<u>32,422,857</u>	<u>—</u>
Natural Resources-F&W	10.025	Plant and Animal Disease, Pest Control, and Animal Care	18,176		
Natural Resources-F&W	15.605	Sport Fish Restoration Program	3,883,354	4,875	
Natural Resources-F&W	15.611	Wildlife Restoration	2,823,081	81,325	
Natural Resources-F&W	15.615	Cooperative Endangered Species Conservation Fund	29,785	5,400	
Natural Resources-F&W	15.616	Clean Vessel Act	67,717	45,502	
Natural Resources-F&W	15.622	Sportfishing & Boating Safety Act	126,935	79,466	
Natural Resources-F&W	15.633	Landowner Incentive Program	95,956		
Natural Resources-F&W	15.634	State Wildlife Grants	669,929	86,762	
Natural Resources-F&W	66.641	Wetlands Protection State Development	4,193		
Natural Resources-F&W total			<u>7,719,126</u>	<u>303,330</u>	<u>—</u>
Natural Resources-FPR	10.664	Cooperative Forestry Assistance	589		
Natural Resources-FPR	10.664	Cooperative Forestry Assistance	736,287	277,387	
Natural Resources-FPR	10.672	Rural Development, Forestry, and Communities	341,876	265,719	
Natural Resources-FPR	10.676	Forest Legacy Program	4,493,793		
Natural Resources-FPR	10.678	Forest Stewardship Program	26,498		
Natural Resources-FPR	10.688	ARRA - Recovery Act of 2009 Wildland Fire Management	221,811	12,000	
Natural Resources-FPR	15.916	Outdoor Recreation - Acquisition, Development and Planning	612,284	197,461	
Natural Resources-FPR	20.219	Recreational Trails Program	1,061,973	680,798	
Natural Resources-FPR total			<u>7,495,111</u>	<u>1,433,365</u>	<u>—</u>
Public Safety	11.555	Public Safety Interoperable Communications Grant Program	1,690,291		
Public Safety	16.554	National Criminal History Improvement Program (NCHIP)	150,872		
Public Safety	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	12,314		
Public Safety	16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	43,390		
Public Safety	16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	343,740	60,677	
Public Safety	16.593	Residential Substance Abuse Treatment for State Prisoners	15,772		15,772
Public Safety	16.607	Bulletproof Vest Partnership Program	2,012		
Public Safety	16.609	Project Safe Neighborhoods	55,559		
Public Safety	16.710	Public Safety Partnership and Community Policing Grants	256,260	113,325	
Public Safety	16.738	Edward Byrne Memorial Justice Assistance Grant Program	719,478	225,568	
Public Safety	16.741	Forensic DNA Backlog Reduction Program	181,403		
Public Safety	16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	160,227		24,082
Public Safety	16.744	Anti-Gang Initiatives	35,089		

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by Vermont State Agency
Year ended June 30, 2011

VT agency/department	CFDA number	Federal agency/program type	Expenditures	Subgranted to non state of Vermont entities	Subgranted to State of Vermont Agencies
Public Safety	16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program	\$ 54,381		
Public Safety	16.753	FY09 Congressionally Selected for Vermont State's Attorneys Office	473,306		57,202
Public Safety	16.803	ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	1,360,773	23,788	
Public Safety	16.810	ARRA-Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	119,478		
Public Safety	16.999	ATF Task Force	10,957		
Public Safety	16.999	Drug Enforcement Administration – DEA	9,621		
Public Safety	16.999	Marijuana Eradication	32,642		
Public Safety	16.999	Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)	213,396	5,456	
Public Safety	16.999	New England High-Intensity Drug Trafficking Areas (HIDTA)	39,427		
Public Safety	16.999	US Marshall's District Fugitive Task Force	10,425		
Public Safety	16.999	FBI Joint Terrorism Task Force	14,188		
Public Safety	16.999	Bordergap	14,592		
Public Safety	20.600	State and Community Highway Safety (402)	1,457,547	724,361	240,372
Public Safety	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	552,748	54,033	330,762
Public Safety	20.602	Occupant Protection Incentive Grants	159,226	9,258	
Public Safety	20.608	Minimum Penalties For Repeat Offenders For Driving While Intoxicated	573,681	52,064	521,617
Public Safety	20.609	Safety Belt Performance Grant	102,020	27,698	42,225
Public Safety	20.610	State Traffic Safety Information System Improvement	395,586	336,700	
Public Safety	20.612	Incentive Grant Program to Increase Motorcyclist Safety	10,924	(2,642)	13,566
Public Safety	20.613	Child Safety and Booster Seat Incentive Grant	70,545	27,954	
Public Safety	20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	8		199,131
Public Safety	20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	148,605	48,368	
Public Safety	97.001	Interoperable Emergency Communications Grant Program	264,943		62,464
Public Safety	97.012	Boating Safety Financial Assistance	672,922	25,000	
Public Safety	97.039	Hazard Mitigation Grants	820,081	820,081	33,739
Public Safety	97.042	Emergency Management Performance Grants	2,355,958	653,183	385,586
Public Safety	97.043	State Fire Training System Grants	37,652		
Public Safety	97.047	Pre-Disaster Mitigation	113,229	79,349	285,471
Public Safety	97.052	Emergency Operations Center	385,586		
Public Safety	97.056	Port Security Grant Program	17,490		
Public Safety	97.067	Homeland Security Grant Program	10,841,966	1,779,668	
Public Safety	97.000	ARRA-Port Security Grant Program	330,454	272,402	
Public Safety total			<u>25,330,764</u>	<u>7,026,582</u>	<u>2,211,989</u>
Public Service	11.558	ARRA-State Broadband Data and Development Grant Program	127,070		
Public Service	20.720	State Damage Protection Programs	30,381	24,666	
Public Service	20.721	Pipeline Safety	171,019		
Public Service	81.039	SHOPP (State Heating Oil and Propane Program)	5,000		
Public Service	81.041	State Energy Program	192,124	10,000	
Public Service	81.041	ARRA-State Energy Program	6,256,792	2,964,791	293,357
Public Service	81.122	ARRA-Energy Assurance Planning	85,566		
Public Service	81.127	ARRA-Energy Efficiency Appliance Rebate Program	436,183		
Public Service	81.128	ARRA-Energy Efficiency and Conservation Block Grant	3,392,334	3,068,118	
Public Service	81.999	Sustainable Energy for Homes and Businesses (Sanders)	410,219	403,758	
Public Service total			<u>11,106,688</u>	<u>6,471,333</u>	<u>293,357</u>
Public Service Board	81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis	163,998		
Public Service Board total			<u>163,998</u>	<u>—</u>	<u>—</u>
Secretary of State's Office	39.011	Election Reform Payments	258,554		
Secretary of State's Office	90.401	Help America Vote Act (SOS) Requirements \$11,000,000	438,963		
Secretary of State's Office	93.617	Voting Access for Individuals with Disabilities – Grants for Protection and Advocacy Programs	101,978	83,725	
Secretary of State's Office total			<u>799,495</u>	<u>83,725</u>	<u>—</u>
State Treasurer	10.665	Schools and Roads – Grants to States	357,207	357,207	
State Treasurer total			<u>357,207</u>	<u>357,207</u>	<u>—</u>
State's Attorneys & Sheriffs	16.753	Congressionally Recommended Awards	28,563		
State's Attorneys & Sheriffs	16.999	Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)	17,858		
State's Attorney's & Sheriffs total			<u>46,421</u>	<u>—</u>	<u>—</u>
Transportation	20.106	Airport Improvement Program	1,261,417		
Transportation	20.106	ARRA-Airport Improvement Program	4,043,686		
Transportation	20.205	Highway Planning and Construction	197,153,674	12,925,357	111,907
Transportation	20.205	ARRA-Highway Planning and Construction	44,515,790	6,769,125	209,535
Transportation	20.218	National Motor Carrier Safety	1,400,290		
Transportation	20.314	Railroad Development	784,834		
Transportation	20.319	ARRA-High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	16,026,176		
Transportation	20.500	Federal Transit – Capital Investment Grants	213,136	92,066	
Transportation	20.505	Metropolitan Transportation Planning	480,335	360,878	
Transportation	20.509	Formula Grants for Other Than Urbanized Areas	11,301,607	11,230,931	
Transportation	20.509	ARRA-Formula Grants for Other Than Urbanized Areas	2,175,748	2,175,748	
Transportation	20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	248,093	248,093	
Transportation	20.514	Public Transportation Research	200,562	200,562	
Transportation	20.515	State Planning and Research	1,081		
Transportation	20.521	New Freedom Program	48,112	48,112	
Transportation	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	1,569,097	1,526,815	
Transportation	97.090	Law Enforcement Officer Reimbursement Agreement Program	47,483	28,649	
Transportation total			<u>281,471,121</u>	<u>35,606,336</u>	<u>321,442</u>
Grand total			<u>\$ 2,110,087,511</u>	<u>330,984,876</u>	<u>9,058,813</u>

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of federal awards by Vermont state agency.

STATE OF VERMONT

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Federal Awards by Vermont State Agency

June 30, 2011

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of the State of Vermont (the State) applied in the preparation of the schedule of expenditures of federal awards and the schedule of expenditures of federal awards by Vermont State Agency (the Schedules) are set forth below:

(a) *Single Audit Reporting Entity*

For purposes of complying with the Single Audit Act Amendments of 1996, the State includes all entities that are considered part of the primary government, as described in the basic financial statements as of and for the year ended June 30, 2011. The Schedules do not include component units identified in the notes to the basic financial statements.

The entities listed below are Discretely Presented Component Units in the State's basic financial statements, which received federal financial assistance for the year ended June 30, 2011. Each of these entities is subject to separate audits in compliance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The federal transactions of the following entities are not reflected in these Schedules:

Vermont Student Assistance Corporation	Vermont Center for Geographic Information
University of Vermont and State Agricultural College	Vermont Sustainable Jobs Fund, Inc
Vermont State College System	Vermont Transportation Authority
Vermont Educational and Health Buildings Financing Agency	Vermont Veterans' Home
Vermont Housing and Conservation Board	Vermont Rehabilitation Corporation
Vermont Economic Development Authority	Vermont Film Corporation
Vermont Municipal Bond Bank	Vermont Telecommunications Authority
	Vermont Housing Finance Agency
	Vermont Information Technology Leaders, Inc.

(b) *Basis of Presentation*

The information in the accompanying Schedules is presented in accordance with OMB Circular A-133.

1. *Federal Awards* – Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, federal awards are defined as assistance that nonfederal entities receive or administer in the form of grants, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, food commodities, direct appropriations, or other assistance and, therefore, are reported on the Schedules. Federal awards do not include direct federal cash payments to individuals.
2. *Type A and Type B Programs* – OMB Circular A-133 establishes the levels of expenditures to be used in defining Type A and Type B federal programs. Type A programs for the State are those programs, or clusters of programs, which equal or exceed \$6,330,263 in expenditures, distributions, or issuances for the fiscal year ended June 30, 2011.

STATE OF VERMONT

Notes to Schedule of Expenditures of Federal Awards and
Schedule of Expenditures of Federal Awards by Vermont State Agency

June 30, 2011

(c) ***Basis of Accounting***

The accompanying Schedules were prepared on the modified accrual basis of accounting.

(d) ***Matching Costs***

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedules.

(2) Categorization of Expenditures

The categorization of expenditures by program included in the Schedules is based upon the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based upon revisions to the CFDA.

(3) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency.

(4) Unemployment Insurance (CFDA #17.225)

State unemployment tax revenues must be deposited to the Unemployment Trust Fund in the U.S. Treasury and may only be used to pay benefits under the federally approved State unemployment law. OMB *Circular A-133 Compliance Supplement* requires that State Unemployment Insurance Funds, as well as federal funds, be included in the total expenditures of CFDA #17.225. Unemployment insurance expenditures are classified as follows:

State	\$ 133,349,303
Federal	<u>67,718,951</u>
	<u>\$ 201,068,254</u>

(5) Airport Improvement Program (CFDA #20.106)

The State receives Federal Aviation Administration (FAA) funds from the U.S. Department of Transportation. The State excludes from its schedule FAA funds received on behalf of the City of Burlington, Vermont (the City) because the State does not perform any program responsibilities or oversight of these funds. Rather, its sole function is to act as a conduit between the federal awarding agency and the City, who owns and operates the airport.

(6) Nonmonetary Federal Financial Assistance

Total federal expenditures included on the Schedules for the Supplemental Nutrition Assistance Program represent the Federal government's payment for monthly benefit subsidies paid directly to eligible participants through the electronic benefit transaction system.

STATE OF VERMONT

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Federal Awards by Vermont State Agency

June 30, 2011

The State is the recipient of federal programs that do not result in cash receipts or disbursements. Noncash awards included in the Schedules are as follows:

(a) *Supplemental Nutrition Assistance Program (SNAP) (CFDA #10.551)*

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under Section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 16.55% of USDA's total expenditure for SNAP benefits in the federal fiscal year ended September 30, 2011.

(b) *National School Lunch Program (CFDA #10.555)*

The National School Lunch Program assists states in providing a nutritious food service program for low-income children through cash grants and food commodities, such as bread, meat, and other commodities. Total federal expenditures included in the Schedules for the National School Lunch Program represent the federal government's acquisition value of the food commodities provided to the State.

(c) *Child and Adult Care Food Program (CFDA #10.558)*

The Child and Adult Care Food Program assists states through grants-in-aid and other means to initiate and maintain nonprofit food service programs for children, elderly or impaired adults in nonresidential day care facilities, and children in emergency shelters. Total federal expenditures included in the Schedules for the Child and Adult Care Food Program represent the federal government's acquisition value of the food commodities provided to the State.

(d) *State Administrative Expenses for Child Nutrition (CFDA #10.560)*

The State Administrative Expenses for Child Nutrition provides states with funds for administrative expenses in supervising and giving technical assistance to local schools, school districts and institutions in their conduct of child nutrition programs. States administer the distribution of USDA donated commodities to schools or child institutions which are also provided with these funds. Total federal expenditures included in the Schedules for the State Administrative Expenses for Child Nutrition represent the federal government's acquisition value of the food commodities provided to the State for distribution.

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Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Federal Awards by Vermont State Agency

June 30, 2011

(e) Commodity Supplemental Food Program (CFDA #10.565)

The Commodity Supplemental Food Program provides food and administrative grants to improve the health and nutritional status of low-income pregnant, postpartum and breastfeeding women, infants and children up to, and including, age 5, and elderly persons age 60 years and older through the donation of supplemental USDA foods. Total federal expenditures included in the Schedules for the Commodity Supplemental Food Program represent the federal government's acquisition value of the food commodities provided to the State.

(f) Emergency Food Assistance Program (Food Commodities) (CFDA #10.569)

The Emergency Food Assistance Program helps supplement the diets of low-income Americans by providing them with food and nutrition assistance at no cost. Under this program, commodity foods are made available by the U.S. Department of Agriculture to States. States provide the food to locally agencies selected, usually food banks, which in turn distribute the food to soup kitchens and pantries that directly serve the public. Total federal expenditures included in the Schedules for the Emergency Food Assistance Program represent the federal government's acquisition value of the food commodities provided to the State.

(g) Donation of Federal Surplus Personal Property (CFDA #39.003)

The State obtains surplus property from various federal agencies at no cost. The property is then sold by the State to eligible organizations for a nominal service charge. Total federal expenditures included in the Schedules for Donation of Federal Surplus Personal Property represent the federal government's acquisition value of the federal property sold by the State.

(h) Immunization Grants (CFDA #93.268)

To assist in establishing and maintaining preventive health service programs to immunize individuals against vaccine-preventable diseases, the State provides vaccines to local healthcare providers throughout the year in an effort to ensure that all residents have been properly immunized. Total federal expenditures included in the Schedules for Immunization Grants represent the federal government's acquisition value of the vaccines provided to the State.

STATE OF VERMONT

Schedule of Findings and Questioned Costs

June 30, 2011

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> x </u>	yes	<u> </u> no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> x </u>	yes	<u> </u> none reported
Noncompliance material to the financial statements noted?	<u> </u>	yes	<u> x </u> no

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> x </u>	yes	<u> </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> x </u>	yes	<u> </u> none reported
Type of auditors' report issued on compliance for major programs:	Unqualified except for:		

Qualified Opinion

- Child Nutrition Cluster (CFDA #10.553, #10.555, #10.556, and #10.559)
- ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded) (CFDA #14.257)
- WIA Cluster (CFDA #17.258, #17.259, #17.260, and #17.278)
- ARRA – Programs of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (CFDA #17.275)
- ARRA – High Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance (CFDA #20.319)
- SFSF Cluster (CFDA #84.394 and #84.397)
- Medicaid Cluster (CFDA #93.775 #93.777, and #93.778)
- Disaster Grants – Public Assistance (Presidentially Declared Disaster) (CFDA #97.036)

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> x </u>	yes	<u> </u> no
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STATE OF VERMONT

Schedule of Findings and Questioned Costs

June 30, 2011

Identification of Major Programs

CFDA number	Name of federal program
SNAP Cluster:	
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
JAG Program Cluster:	
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
Employment Services Cluster:	
17.207	Employment Services/Wager-Pyesser Funded Activities
17.801	Disabled Veterans’ Outreach Program
17.804	Local Veterans’ Employment Representative Program
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
17.278	WIA Dislocated Worker Formula Grants
Highway Planning and Construction Cluster:	
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
Title I, Part A Cluster:	
84.010	Title I Grants to Local Educational Agencies
84.389	Title I Grants to Local Educational Agencies, Recovery Act
Special Education Cluster:	
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.391	Special Education – Grants to States, Recovery Act
84.392	Special Education – Preschool Grants, Recovery Act

STATE OF VERMONT

Schedule of Findings and Questioned Costs

June 30, 2011

CFDA number	Name of federal program
Vocational Rehabilitation Cluster:	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States 84.390 ARRA – Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act
SFSF Cluster:	84.394 State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act 84.397 State Fiscal Stabilization Fund – Government Services, Recovery Act
SIG Cluster	84.377 School Improvement Grants 84.388 School Improvement Grants, Recovery Act
TANF Cluster:	93.558 Temporary Assistance for Needy Families 93.716 ARRA – Temporary Assistance for Needy Families Supplemental Grants
CSBG Cluster:	93.569 Community Services Block Grant 93.710 ARRA – Community Services Block Grant
CCDF Cluster:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.713 ARRA – Child Care and Development Block Grant
Medicaid Cluster:	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program
Homeland Security Cluster	97.067 Homeland Security Grant Program 97.004 State Domestic Preparedness Equipment Support Program
Other programs:	14.257 ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded) 17.275 ARRA – Programs of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors 17.225 Unemployment Insurance 20.106 Airport Improvement Program 20.509 Formula Grants for Other Than Urbanized Areas 20.319 ARRA – High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants

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Schedule of Findings and Questioned Costs

June 30, 2011

<u>CFDA number</u>	<u>Name of federal program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.041	State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program
93.563	Child Support Enforcement
93.659	Adoption Assistance
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disaster)

Dollar threshold used to distinguish between
type A and type B programs:

\$6,330,263

Auditee qualified as low-risk auditee?

_____ yes x no

STATE OF VERMONT

Schedule of Findings and Questioned Costs

June 30, 2011

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

Over the past several years, the State has greatly improved its financial accounting and reporting capabilities. As the State moves forward, however, maintaining focus on accountability, transparency and accuracy will continue to be difficult as federal and state financial resources become scarce and key personnel retire. The State needs to be diligent about optimizing its current revenue streams, controlling costs, avoiding the temptation to use one-time revenues and ensuring key personnel close to retirement are identified and leveraged properly to ensure a smooth transition to the successor. The comments we identified as a result of the 2011 audit are presented below:

2011-01 – Review and Analysis of Financial Data

Background

The State's accounting process is very decentralized and relies heavily on the individual departments and agencies to properly and accurately record activity on a timely basis in the State's VISION accounting system as well as to provide year-end closing information to the Department of Finance and Management (the Department) in the form of the year end closing packages. The Department provides the individual departments and agencies with annual guidance and training on generally accepted accounting principles and the form and content of the information that is required in the year end closing packages.

Finding

The Department has been working with individual departments and agencies for several years to improve the financial reporting process and reduce the number of data errors and adjustments. To date, significant improvements have been made in this area. However, there were still adjustments that were made to the State's financial statements as a result of our audit. These adjustments are as follows:

- Increases to payables and the related receivables in the Global Commitment Fund and the General Fund. These adjustments were due to the amended federal waiver agreement that changed the way the State would be reimbursed for Medicaid claims.
- Reclassification of receivables and revenue of \$9.4 million between the Federal Revenue Fund and the Global Commitment Fund as a result of recording the activity in the wrong fund.
- Increase liabilities in the Transportation Fund and the General Fund by \$3.3 million and \$.5 million, respectively as a result of under-accruing payments owed to third parties. This adjustment was primarily related to the agency of Transportation not pro-rating month end invoices.
- Reduce receivables and revenue in the Liquor Control Fund by \$61,000 as a result of recording an entry twice.
- Increase cash and receivables by \$22,748 and \$255,101, respectively, in the Special Fund as a result of under-reporting taxes owed for the Catamount Health Fund.

While the Department is primarily responsible for the preparation of the State's financial statements, responsibility for the underlying data and activity resides in the departments and agencies. These

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Schedule of Findings and Questioned Costs

June 30, 2011

adjustments indicate the continued need for further training for business officers throughout the State on topics including financial accounting and reporting as well as internal controls and data analysis concepts.

Recommendation

The Department should continue to provide training to and work with State departments and agencies to provide them with the knowledge and guidance relating to financial accounting and reporting concepts, including internal controls, to help ensure that the State's financial statements are complete and accurate. The Department should also evaluate its procedures for spot-checking year end closing packages and for analyzing data for completeness.

Management's Response

The Department of Finance & Management concurs with the finding and recommendation. The Department will continue to work with State agencies and departments to improve their knowledge relating to financial accounting and reporting, and internal controls to help ensure the data which they provide is complete and accurate. However, the Department's resources and staffing are stretched and under pressure as a result of the ERP system upgrade project currently underway. We will evaluate whether interim internal control audits could be incorporated into the Department's operating plan, and how that might be accomplished.

2011-02 – Liquor Control Fund Reporting

Background

The Liquor Control Fund (the Fund) is a major enterprise fund reported in the State's basic financial statements. The financial activity for this fund is managed by the Department of Liquor Control (the DLC) which maintains a stand-alone accounting system, SEQUOIA, which is reconciled to the state-wide accounting system, VISION, on a monthly basis.

Finding

KPMG notes that the DLC does not appear to have sufficient internal technical accounting expertise relating to government accounting. Throughout the course of the audit it was difficult to obtain reconciled statements as well as supporting documentation and explanations for account activity. Specific items noted include:

- Although the SEQUOIA system is reported to be reconciled to the statewide accounting system, VISION, on a monthly basis, there were numerous balances that were not in agreement at year end and could not be explained by the DLC. The DLC required the assistance of the Department of Finance and Management to reconcile and provide a cross-walk of the two systems.
- There were unexplained reconciling items in the cash and credit card accounts at June 30, 2011:
 - The primary cash account had an unexplained reconciling item of \$17,174 which was being added to the SEQUOIA book balance.
 - The BN credit card account had an unexplained reconciling item of \$39,458 which was being deducted from the SEQUOIA book balance.

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Schedule of Findings and Questioned Costs

June 30, 2011

- The DLC accounting staff were unfamiliar with various accounting terms and concepts such as accruals and fixed assets.
- The Special Purchase Allowance revenue account and related receivable were overstated by \$61,000 as a result of recording an entry twice.

Recommendation

The Department of Liquor Control should work with the Department of Finance and Management to identify appropriate training opportunities to increase their accounting skills as well as to supplement its accounting resources to facilitate the preparation of the Fund statements on a more timely basis.

Management Response

The Department of Liquor Control (DLC) concurs with the finding and recommendation. DLC takes its fiscal responsibility very seriously and will work very diligently to undertake a course of action to explain and resolve the reconciling items in the cash and credit accounts at June 30, 2011, as well as the SPA entry. DLC staff will conduct a thorough review of all records and journals to account for these discrepancies. DLC will evaluate what circumstances led to this problem and develop and implement internal controls to prevent a recurrence. DLC will continue to work with the Department of Finance & Management staff to ensure DLC's successful transition from the current system to one that interfaces with the VISION statewide financial system. New internal control procedures and interface with VISION should eliminate the reconciling issues experienced over the years. The Department of Finance & Management has encouraged the DLC staff to take any additional accounting courses available through community colleges or technical schools as a way to increase understanding of governmental fund accounting to the benefit of DLC and the State.

2011-03 – Department of Tax Information Technology Controls

Background

The State relies heavily on its information technology (IT) systems to process, account for and report on its financial activities. During the fiscal year 2011 audit an IT general control (ITGC) review was performed over the Tax Department's Enterprise Tax Management Processing and Collection System (ETM) to test whether IT controls were properly designed. The ETM system was implemented in August 2010 and supports the recording of corporate and business income tax, property transfer tax and the fuel gross receipts tax.

Finding

The following internal controls findings were noted during our review:

- a. The State of Vermont's IT Security Policy has not been updated since May 2009. An updated or reviewed IT Security Policy provides the end user with comprehensive and up to date information related to IT policies and procedures in place. Lack of an updated policy could result in outdated information being provided to end users and consequently increase risk to security.
- b. The ETM production servers are hosted at the Department of Information and Innovation (DII) primary data center. The room that houses the production server cabinet has 3 concrete walls and a

STATE OF VERMONT

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June 30, 2011

construction wall that can be bypassed from the other end of the adjacent room. Although both rooms have locked entrances, due to construction, users from other room can access the room that hosts the ETM servers. The servers are installed in a locked cabinet with the lock code known only to the appropriate personnel. While a security camera is installed to monitor who is entering the ETM computer room door, it does not focus on the ETM cabinet. The lack of a closed structure for the server location allows users of adjacent computer room to access the room, increasing the physical risk to Tax Department equipment. While it is recognized that the cabinet that houses the ETM server is secured, it and its cabling is vulnerable to intentional physical damage.

- c. No formal user access review by the business owners of the ETM application is conducted to identify potential separation of duties conflicts. However, on a quarterly basis, Department of Tax reviews the inactive network accounts to determine that access to ETM was appropriately deactivated. The absence of periodic management reviews of the key application user access increases the risk that active staff may retain processing capability that exceeds their job requirements and undermines a prudent separation-of-duties.
- d. No formal change management policy/procedure exists for the ETM application environment. A generic change management policy for Department of Taxation exists that was last updated on 9/13/2007. The lack of a formal and enforced Change Management Policy that documents steps to be followed, approvals required, testing to be conducted and acceptance sign-offs to be required for changes to ETM, increases the risk that unauthorized and/or inappropriate software changes could be intentionally or accidentally be placed into production.
- e. While one (1) user has been designated as the primary migrator of software changes, currently ten (10) users have "SYSADM" level access that grants them access to develop and migrate changes to production. Of these 10 users, 2 are vendors from CGI/Oracle. Based on our discussion with the Department of Taxation, we noted that no mitigating or compensating controls exist that could be used to prevent or detect unauthorized changes being made to production. The risk of the introduction of inappropriate software changes is commensurate to the number of persons with the access privileges that support this activity.
- f. No restorations from tape have been conducted for ETM since it went live in August 2010. The lack of periodic restoration of data from backup tapes increases the risk that when needed critical data may not be available to restore business operations.
- g. ETM currently has no formal, documented or tested Disaster Recovery or Business Continuity Plan. The lack of a comprehensive and tested Disaster Recovery Plan (DRP) and complementary Business Continuity Plan (BCP) increases the risk that in the event of a serious environmental event affecting ETM's operations could be disrupted for an extended period of time.
- h. No daily operations log/checklist is maintained to capture information on daily production such as job processing, backups taken, abends and issues noted. Depending on the specific job schedule, a text message is sent to the Operations group and Department of Taxation notifying if a job ran successfully or not. If error/issues occurred, support personnel are required to follow up and may be required to raise a support ticket if necessary. A formal daily computer operations log/checklist provides evidence

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that all appropriate processes were completed and if error or abends occurred they were followed up and resolved in an appropriate manner. An appropriate log can also serve as the basis for conducting root cause analysis when dealing with reoccurring issues.

Recommendations

- a. We recommend that the IT Security policies and procedures be reviewed and updated at least on an annual basis to address all relevant systems and applications and to address new security threats.
- b. We recommend that while construction is ongoing, an additional security camera be installed in the ETM server room that monitors activity in the vicinity of the ETM production server.
- c. We recommend that Department of Taxation management:
 - (i) Develop, publish and enforce a policy to require business application owners to limit staff access privileges to those necessary to perform their jobs and to ensure an appropriate separation of duties.
 - (ii) Review user access privileges on a periodic basis and take steps to identify and remove unnecessary or inappropriate application functionality or privileges.
- d. It is recommended that an ETM specific Change Management policy and procedure should be documented that describes the software change management process from initiation through migration to production and documents the roles and responsibilities of all parties including the business owners for development, testing and migration.
- e. It is recommended that Department of Taxation IT management review current support access and:
 - (i) Limit privileged support access to the minimum needed to support the application in production.
 - (ii) Enforce an appropriate separation of duties between software development staff and those migrating software into.

It is further recommended that periodic reviews of changes moved to production be conducted to discourage and to identify any unauthorized changes.
- f. It is recommended that Taxation Department IT periodically test restoration of data from tape to ensure the integrity and completeness of the data and that the backup process and equipment is working as expected.
- g. It is recommended that Department of Taxation business and IT management take appropriate steps to bring the DRP up to date and augment it with an appropriate BCP and provide resources to ensure an appropriate recovery capability. It is further recommended that the DRP and its associated BCP be treated as a living document subject to ongoing revision and that it be tested at least annually.

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- h. It is recommended that a documented log/checklist of daily computer operations be introduced. The log should be retained to provide evidence that batch jobs and backups processed to completion and also as a means to identify recurring issues.

Management Response

- a. The Vermont Tax Department (VDT) agrees. Will endeavor to review annually and update as needed and will distribute annually as well.
- b. DII will install an additional security camera in the National Life Data Center by February 29, 2012. The new security camera will be positioned in Row 1 where the ETM production server is located in order to monitor activity in the vicinity of the ETM production server as recommended.
- c. VDT will establish a process to review user access of ETM on a quarterly basis.
- d. VDT will review and update our current change management policy and within it call out any specific differences regarding ETM versus Advantage Revenue.
- e. DT will review access and adjust access to those required to support the application. VDT will take separation of duties between software development staff and those migrating software under advisement for future implementation however given current resource constraints this separation is not feasible at this time. VDT agrees that periodic reviews of production changes is a good practice and will look into the feasibility of implementing this recommendation.
- f. VDT will strive to implement this recommendation however please note that multiple DB refreshes have been conducted from backups since ETM go live.
- g. VDT will review and update the business continuance plan within the next 12 months.
- h. VDT will take this under advisement to augment our current operational batch processing logs.

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(3) Findings and Questioned Costs Relating to Federal Awards

Finding 11-01

U.S. Department of Agriculture

Program Name and CFDA Number

Child Nutrition Cluster:

- School Breakfast Program (CFDA #10.553)
- National School Lunch Program (CFDA #10.555)
- Special Milk Program for Children (CFDA #10.556)
- Summer Food Service Program for Children (CFDA #10.559)

Program Award Number and Year

2011IN109044	10/1/10 – 9/30/11
2011IN109744	10/1/10 – 9/30/11
2011IN109844	10/1/10 – 9/30/11
2011IN292044	10/1/10 – 9/30/11
2011IN253334	10/1/10 – 9/30/11
2010IN109044	10/1/09 – 9/30/10
2010IN109744	10/1/09 - 9/30/10
2010IN109844	10/1/09 – 9/30/10
2010IN292044	10/1/09 – 9/30/10
2010IN253334	10/1/09 – 9/30/10

Criteria

A pass-through entity is responsible for the following:

- At the time of the award, notifying the subrecipient the federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of federal awarding agency) and applicable compliance requirements.
- Monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

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Condition Found

The State Department of Education (the Department) grants funds to school food authorities to carry out the objectives of the program. During our testwork over the Department's subrecipient monitoring process, we noted the following:

- A. For all 25 subrecipients tested, the grant agreements did not contain all the CFDA numbers awarded to the school food authorities. The only CFDA number listed in the agreement was the National School Lunch Program, CFDA #10.555.
- B. 3 of 25 programmatic monitoring visits contained missing documentation that was required as part of the Department's monitoring procedures.

Cause

The cause of the condition found is primarily due to a lack of review to ensure that the required forms are completed or maintained for each monitoring visit as well as ensuring that all programmatic monitoring visits are followed up on timely.

Effect

The effect of the condition found is that instances of noncompliance or areas requiring improvement identified as a result of the programmatic monitoring visits are not being communicated or corrected timely.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing controls and procedures for documenting programmatic monitoring visits to ensure that all required documentation is compiled and maintained for each visit. In addition, the Department should review its existing procedures for following up on completed visits to ensure that instances of noncompliance and areas requiring improvement are resolved timely in order to strengthen their subrecipient monitoring process. Finally, the Department should review its existing grant agreement between the Department and the school food authorities to ensure that all award information is properly communicated to the school food authorities.

Management's Response and Corrective Action Plan

- 1. CFDA numbers are listed for each program in the on-line web user's manual and available upon request.
- 2. Staff are expected to complete the required forms as needed per the review findings.

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3. In the last year, staff members have been required to have a second review of files to ensure that all materials are complete and included in the folder. Reviews conducted prior to 2011 were not subject to this additional level of processing and review.
4. LEAs that exceed a Performance Standard are placed in the pool of school food authorities that are potential candidates for a second review; not all schools that exceed the standard are required to have a second review. The requirement is that for each 5 school food authorities that exceed a standard, one SFA must be reviewed.

Corrective Action Plan: Staff will receive more training with respect to monitoring requirements, documentation and follow up. A second review of the final work will be accomplished prior to sending out the report. A final file review will be conducted at the end of the school year.

Scheduled Completion Date of Corrective Action Plan

The corrective action plan will be implemented on February 7, 2012.

Contact for Corrective Action Plan

Laurie M. Colgan, Director, Child Nutrition Programs, Vermont Department of Education, 802-828-5153

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Finding 11-02

U.S. Department of Agriculture

Program Name and CFDA Number

Child Nutrition Cluster:

- School Breakfast Program (CFDA #10.553)
- National School Lunch Program (CFDA #10.555)
- Special Milk Program for Children (CFDA #10.556)
- Summer Food Service Program for Children (CFDA #10.559)

Program Award Number and Year

2011IN109044	10/1/10 – 9/30/11
2011IN109744	10/1/10 – 9/30/11
2011IN109844	10/1/10 – 9/30/11
2011IN292044	10/1/10 – 9/30/11
2011IN253334	10/1/10 – 9/30/11

Criteria

For grants and cooperative agreements, effective after October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with new Federal Assistance Identification Number (FAIN) on or after that date, grantees are required to file a report under the Federal Funding Accountability and Transparency Act related to subawards made that exceed \$25,000 at the time the obligation is entered into.

The AICPA Audit Guide, *Government Auditing Standards* and OMB Circular A-133 Audits, Chapter 11, paragraph 11.09 states the following:

According to Circular A-133, characteristics indicative of a federal award received by a subrecipient are when the entity:

- Determines who is eligible to receive what federal financial assistance
- Has its performance measured against whether the objects of the federal program are met
- Has responsibility for programmatic decision making
- Has responsibility for adherence to applicable federal program compliance requirements
- Uses the federal funds to carry out a program of the entity as compared to providing goods or services for a program of the pass-through entity

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Condition Found

During our testwork over federal reporting, we noted that the State Department of Education (the Department) had entered into operating agreements with school food authorities to operate a food service program. The Department has determined that the school food authorities are vendors and not subrecipients which is inconsistent with the guidance above and as such, did not file any reports during the year ending June 30, 2011 under the Federal Funding Accountability and Transparency Act as required.

Cause

The cause of the condition found as indicated above is that the Department does not consider the school food authorities to be subrecipients.

Effect

The effect of the condition found is that subawards were not reported as required under the Federal Funding Accountability and Transparency Act.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing policy for reporting items under the Federal Funding Accountability and Transparency Act to ensure that they are capturing and reporting subawards on a timely basis as required. Discussions with the awarding agency to discuss the Department's existing policy to determine whether or not the funding arrangements currently used by the Department qualify as a reportable subaward may be beneficial.

Management's Response and Corrective Action Plan

The child nutrition cluster includes school lunch, snack, breakfast and milk. These are federally-funded entitlement programs. The monies are reimbursed to schools after they have served the meals, and reported the meal counts to us. We then reimburse them for the meal costs (calculated at federal rates). There is no subgrant document, and certainly no way to estimate what a grant amount to an entity would be. We draw the monies from USDA via a Letter of Credit. At this point, our corrective action is to contact the US Department of Agriculture to request their opinion on this issue.

Scheduled Completion Date of Corrective Action Plan

We are currently (as of March 13) making contact with USDA.

Contact for Corrective Action Plan

Kathy Flanagan, Financial Director, Department of Education, 802-828-0482

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Finding 11-03

U.S. Department of Agriculture

Program Name and CFDA Number

SNAP Cluster:

- Supplemental Nutrition Assistance Program (CFDA #10.551)
- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)
- State Administrative Matching Grants for Supplemental Nutrition Service Program - ARRA (CFDA #10.561)

Program Award Number and Year

4VT440406 ARRA	10/1/09 – 9/30/10
4VT410406	10/1/09 – 9/30/10
4VT440406	10/1/10 – 9/30/11

Criteria

State agencies are required to automate their Supplemental Nutritional Assistance Program (SNAP) operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning SNAP (7 CFR sections 272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households which have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet Federal issuance and reconciliation reporting requirements.

Condition Found

The Department of Children and Families (the Department) uses the ACCESS system to store information concerning eligibility determinations and benefit amounts paid under the SNAP program. In order to ensure that the data maintained by the ACCESS system is accurate, we selected a sample of 40 cases and agreed the information contained in the ACCESS system to the documentation maintained in the external paper eligibility file. During our testwork, we noted the following:

- A. 3 of 40 cases selected for testwork had inaccurate insurance expense documented within the case file. For 1 of the cases, the error did not result in a payment error. For the other 2 cases, it resulted in a net overpayment of benefits paid for the claim month selected.

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- B. 1 of 40 cases selected for testwork had inaccurate information concerning both insurance and taxes paid. As the maximum deduction was already being used to calculate the participants' benefit, this did not result in a payment error for the claim month selected.
- C. 1 of 40 cases selected for testwork had inaccurate information supporting the participants' shelter expense. The information however did not result in an error for the benefit paid for the claim month selected.

Cause

The cause of the condition found was primarily due to a large increase in the caseload being reviewed by the Department while the number of case managers declined during the same period.

Effect

The effect of the condition found is that benefit payments made were not accurate or contained inconsistent information that could have led to an inaccurate benefit payment.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department reviews its existing procedures and controls for reviewing and approving eligibility determinations to ensure that the information used to support the monthly benefit calculation is accurate, consistent and in compliance with federal regulations.

Management's Response and Corrective Action Plan

We agree with the condition found and the cause of the exceptions noted in this finding. There were five exceptions noted above with three having no difference in benefit paid, one was \$1 underpaid and one was \$5 overpaid. These exceptions do not rise to the level of requiring claims or adjustments on the dollar differences. However, SNAP program staff was addressed in January 2012 to remind them that the amounts in ACCESS must be updated to match the case file documentation, even when there is no impact on the benefit amount.

In regards to the recommendation, the SNAP program had previously been reviewed and the procedures evaluated. Various steps of corrective action have been implemented. The exceptions noted in this finding point to a significant improvement over the prior year which we attribute to the corrective action put into place. During SFY 2011 and SFY 2012 the state implemented several points of corrective action:

- A modernization initiative was implemented related to eligibility processes. Part of this process is the automated document processing center which will allow for more efficient handling of cases. This was fully implemented by 12/31/11.

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- The State modified its process to expedite reviews, relaxed the verification process (as allowed under Federal SNAP rules), and simplified the recertification procedures. This was fully implemented by 12/31/11.
- A new process was implemented which focuses on reducing the number of hands that touch a case and for each staff member to do as much on a case as possible before moving it along in the process. This will reduce the length of time a case is pending, provide for better customer service, and reduce the chance of errors. This process is being expanded and revised through a contract with Change and Innovation Agency. The contract work will completely restructure our business processes moving Vermont from a case management to a process management system. Standardized practices to be implemented statewide will ensure more timely and accurate benefit issuances. This is being incrementally implemented with statewide implementation by October 1, 2012.

Scheduled Completion Date of Corrective Action Plan

October 1, 2012.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006.

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Finding 11-04

U.S. Department of Housing and Urban Development

Program Name and CFDA Number

ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)
(CFDA #14.257)

Program Award Number and Year

S09D4500001

7/7/09-7/7/12

Criteria

A pass-through entity is responsible for performing award monitoring of subrecipients. This includes the monitoring of the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and those performance goals are achieved.

Condition Found

During our testwork over award monitoring, we were unable to obtain supporting documentation that award monitoring was performed for any of the 4 subrecipients selected for testwork. While each subrecipient is required to submit monthly reports stating how much of the HPRP funds were spent by category, there are currently no procedures to validate the accuracy of the data submitted by the subrecipient, or that the funds were spent on allowable costs. While periodic group meetings between the Department and its subrecipients were held, it was unclear as to whether or not those meetings focused on allowability of costs based on the documentation provided for our review.

Cause

The cause of the condition found is that the Department has not maintained sufficient documentation to support its reported monitoring efforts. The Department has relied on the fact that each of these entities has an annual audit in accordance with OMB Circular A-133, however this program has not been audited as a major program for any of the 4 subrecipients selected for testwork.

Effect

The effect of the condition found that subrecipients could be spending funding on unallowable costs and the Department would have no mechanisms to timely identify this.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

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Recommendation

We recommend that the Department review its subrecipient monitoring procedures to ensure that sufficient documentation is evaluated and maintained to support the review process.

Management's Response and Corrective Action Plan

We disagree with the condition found during the HPRP program audit. According to the criteria above, monitoring includes reporting, site visits, regular contact, or other means. Program staff did monitor the program and spending by incorporating these monitoring activities into managing the program.

Subrecipients were required to fulfill two reporting requirements. Every month the subrecipients submitted financial reports. These were reviewed by program staff and then used to prepare quarterly reports to HUD. In addition, the subrecipients submitted quarterly reports that describe the specific assistance that was provided to individuals and families with the funds. These reports include specific details on how many people were helped and the benefits received.

Regular contact was consistent throughout the program period. The Deputy Secretary held monthly meetings with all subrecipients. These meetings were used to discuss the program, how the funds are used and the most effective way to meet the program goals.

In addition, five out of the eight organizations who received funds for HPRP are subject to A-133 Audits. This represents 85% of the HPRP funds that we received and distributed.

Through reporting, regular contact, and subrecipient audits, we feel the subrecipient monitoring for the HPRP program was effective in ensuring that funds were used appropriately and program goals met.

Completion Date of Corrective Action Plan

No further corrective action considered necessary.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006.

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Finding 11-05

U.S. Department of Labor

Program Name and CFDA Number

WIA Cluster:

- ARRA – WIA Adult Program (CFDA #17.258)
- ARRA – WIA Youth Activities (CFDA #17.259)
- ARRA – WIA Dislocated Workers (CFDA #17.260)
- WIA Dislocated Worker Formula Grants (CFDA #17.278)

Program Award Number and Year

AA-17154-08-55-A-50	4/1/08 – 6/30/11
AA-17154-08-55-A-50 (ARRA)	2/17/09 – 6/30/11
AA-18674-09-55-A-50	7/1/09 – 6/30/12
AA-20226-10-A-50	4/1/10 – 6/30/13

Criteria

Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate (20 CFR section 667.400(c)).

For ARRA first-tier subawards, the grantor must determine whether the pass-through entity assessed subrecipient compliance with the CCR registration requirement.

Condition Found

During our testwork over subrecipient monitoring, we were unable to obtain evidence that award monitoring activities had taken place for the 10 subrecipients selected for testwork.

In addition to the above, for 1 of the 10 subrecipients, the Department of Labor (the Department) did not obtain a valid DUNS number per the CCR database.

Cause

The cause of the condition found was due primarily to insufficient staff to perform monitoring procedures as a result of staff turnover.

Effect

The effect of the condition found is that subrecipients were not adequately monitored.

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The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing procedures and implement the required controls and procedures necessary to ensure that monitoring activities are performed over subrecipients that will allow the Department to adequately and timely monitor both financial and programmatic requirements of its grantees.

Management's Response and Corrective Action Plan

As was noted under "Cause," the VDOL Fiscal Office was short two staff positions during most of the fiscal year being reviewed in this audit. WIA subgrantees were audited in the previous year and are being audited in the current fiscal year, so we do not view this as a systemic internal control issue. Nevertheless, we understand that for the subgrants in question, costs reported quarterly were not sufficiently reviewed for allowability and DUNS information was not secured.

The Fiscal Office has recently obtained a copy of subgrantee monitoring policies and procedures in use at the Vermont Agency of Human Services and has adapted them for compliance reviews of VDOL subgrantees. The Fiscal Office will be back to full staff as of March 26th, 2012 and will complete a review of all current WIA subgrantees prior to state fiscal year end. The review will include checking that DUNS information is up-to-date.

Scheduled Completion Date of Corrective Action Plan

June 30, 2012.

Contact for Corrective Action Plan

Charlie Teske, VDOL Financial Director, Department of Labor, 802-828-0281

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Finding 11-06

U.S. Department of Labor

Program Name and CFDA Number

ARRA – Programs of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (CFDA #17.275)

Program Award Number and Year

GJ-19847-10-60-A-50

12/1/09 – 12/31/11

Criteria

A pass-through entity is responsible for monitoring the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

For ARRA first-tier subawards, the grantor must determine whether the pass-through entity assessed subrecipient compliance with the CCR registration requirement.

Condition Found

During our testwork over subrecipient monitoring, we were unable to obtain any evidence that award monitoring activities had taken place for the 2 subrecipients selected for testwork in which monitoring activities were required.

In addition to the above, for 1 of the 4 subrecipients, the Department of Labor (the Department) did not obtain a valid DUNS number per the CCR database.

Cause

The cause of the condition found was due primarily to insufficient staff to perform monitoring procedures as a result of staff turnover.

Effect

The effect of the condition found is that subrecipients were not adequately monitored.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

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Recommendation

We recommend that the Department review its existing procedures and implement the required controls and procedures necessary to ensure that monitoring activities are performed over subrecipients that will allow the Department to adequately and timely monitor both financial and programmatic requirements of its grantees.

Management's Response and Corrective Action Plan

The Vermont Department of Labor acted as fiscal agent for this grant which was awarded to a consortium of 8 states, a university, and a computer software company. Though no monitoring of the partners (to whom Vermont subgranted funds) was done during the year to which this audit applies, there were discussions between Vermont's grant staff and US DOL Boston Regional Office staff as to how Vermont might go about performing its monitoring duties of these organizations. Eventually, a determination was made by the FPO that only the university and software company's records needed to be reviewed. This auditing took place in September of 2011. Copies of documents obtained are available for review.

VDOL does not believe that this finding represents a systemic problem and considers the issue to be resolved with the September audits having been completed prior to the ending of the award period on 12/31/11. Nevertheless, Vermont has continued to update its monitoring policies and procedures (see previous finding), ensuring that expenditures are allowable and DUNS information is accurate and up-to-date.

Scheduled Completion Date of Corrective Action Plan

December 31, 2011.

Contact for Corrective Action Plan

Charlie Teske, VDOL Financial Director, Department of Labor, 802-828-0281

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The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Agency review its procedures for monitoring their subrecipients' compliance with the Davis-Bacon Act and to ensure that any monitoring that is performed is adequately documented within the grantee file.

Management's Response and Corrective Action Plan

AOT did monitor payrolls. Certified payrolls were submitted and checked to determine compliance. AOT agrees that we did not adequately document this process to demonstrate our efforts. AOT will develop a checklist to support our efforts in this area.

Scheduled Completion Date of Corrective Action Plan

April 31, 2012.

Contact for Corrective Action Plan

Trini Brassard, AOT Assistant Director, Agency of Transportation, 802-828-2628

Terry Call, Audit Unit Supervisor, Agency of Transportation, 802-828-2406

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Finding 11-08

U.S. Department of Transportation

Program Name and CFDA Number

ARRA – High Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants
(CDFA #20.319)

Program Award Number and Year

FR-HSR-0013-10-01-00 9/30/10 – 9/30/12

Criteria

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the SF-425, Federal Financial Report, to report the status of funds for all nonconstruction projects and for construction projects when the FFR is required by the grant agreement.

Section 1512 of ARRA includes reporting requirements applicable to recipients of awards under ARRA Division A.

Condition Found

During our testwork over the federal reporting process, we noted the following:

- A. 2 of 4 SF-425 reports submitted by the Agency of Transportation (the Agency) were incorrect or were not adequately supported by data in the Agency’s accounting system.
- B. 2 of 4 Section 1512 reports selected for testwork did not agree to internal accounting records.

Cause

The cause of the condition found was due to inadequate controls and procedures related to the review and approval over federal reports. While management reviewed all reports that were tested, the review was not sufficient enough to ensure that all information in the reports was accurate.

Effect

The effect of the condition found is that inaccurate reports were filed with the regulatory agency.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

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Recommendation

We recommend that the Agency implement controls and procedures to review all federal reports for accuracy and completeness prior to the report being filed.

Management's Response and Corrective Action Plan

Several of the issues mentioned were diagnosed and corrected by AOT personnel prior to the audit. We acknowledge that our review was not sufficient to ensure that all issued reports were accurate related to the SF 425 reports. AOT will review procedures and controls to assess their adequacy and then take measures to ensure these measures are adhered to. In regards to the Section 1512 reports, AOT believes procedures and controls are in place for these reporting requirements. All submissions will be reviewed by the Financial Manager III and any subsequent adjustments deemed necessary will require the approval of the Financial Manager III.

Scheduled Completion Date of Corrective Action Plan

March 31, 2012.

Contacts for Corrective Action Plan

Coleen Krauss, Financial Manager III, Agency of Transportation, 802-828-0631

Terry Call, Audit Unit Supervisor, Agency of Transportation, 802-828-2406

Martin Churchill, Financial Manager III, Agency of Transportation, 802-828-2719

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Finding 11-09

U.S. Department of Energy

Program Name and CFDA Number

State Energy Program (CFDA #81.041)

ARRA - State Energy Program (CFDA #81.041)

Program Award Number and Year

OE-F626-06R130672

04/17/09 – 4/30/12

Criteria

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Condition Found

During our testwork over suspension and debarment, we noted that loan agreements used by the Department of Public Service (the Department) to award funds to eligible loan recipients did not include a suspension and debarment clause or certification. In addition, the Department did not have a procedure in place to independently verify whether or not a loan recipient had been suspended or debarred.

Cause

The cause of the condition found is that the Department had erroneously excluded a suspension and debarment certification from its loan application.

Effect

The effect of the condition found is that the Department could have approved a loan to a recipient that had been suspended or debarred from receiving federal funds.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing procedures related to suspension and debarment to ensure that all loan recipients have been reviewed for suspension and debarment status prior to awarding funds.

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Management's Response and Corrective Action Plan

The Vermont Department of Public Service concurs with the finding and agrees with the recommendation. The corrective action taken was twofold:

1. The loan agreement template was amended to include a requirement that the borrower not be suspended or debarred from receiving federal funds.
2. The loan agreement check-list was amended to include a step requiring the grant/loan administrator to check the Excluded Parties List System (EPLS) before proceeding with the loan agreement.

Scheduled Completion Date of Corrective Action Plan

Beginning January 1, 2012 the corrective action plan was implemented.

Contact for Corrective Action Plan

Andrew Perchlik, Clean Energy Development Fund Manager, Department of Public Service, 802-828-4017

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Finding 11-10

U.S. Department of Energy

Program Name and CFDA Number

ARRA - Energy Efficiency and Conservation Block Grant Program (CFDA #81.128)

Program Award Number and Year

DE-EE0000859

9/21/09-9/20/12

Criteria

Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must meet the following standards:

- Reflect an after the fact distribution of the actual activity of each employee
- Account for the total activity for which each employee is compensated
- Be prepared at least monthly and must coincide with one or more pay periods
- Be signed by the employee

Condition Found

During our testwork over payroll, we noted that the Department of Public Service (the Department) had two employees that charge their salaries to a particular charge code within the State's payroll system. Outside of the payroll system, these employees track their time worked on various federal programs. At the end of the quarter, an adjustment was made to reallocate to each individual federal program, the salary costs incurred on behalf of these employees based upon the external data that was maintained. While this time was tracked, we noted that the Department did not obtain signed certifications from either employee to certify that the amount allocated was accurate.

Cause

The cause of the condition found is that the Department was unaware that a signed certification was required under OMB Circular A-87.

Effect

The effect of the condition found is that employee certifications were not obtained stating that the hours charged and related expense allocated to the grant was accurate and therefore allowable.

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The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

\$36,919.60

Recommendation

We recommend that the Department review its existing procedures and implement a system whereby they obtain a signed certification from employees stating that hours are accurate at the time the hours are allocated to the grant program when the time charged is not captured through the State's centralized payroll system.

Management's Response and Corrective Action Plan

The Department agrees with this audit finding and has implemented the following corrective action. The Department has changed its time reporting process and procedures effective with the 2nd quarter of fiscal year 12 beginning October 1, 2011. Employees are now required to provide a signed certification when charging or allocating time outside of the payroll system to various grant programs. The certification will be in the form of either (a) a signed quarterly summary report of the hours that are to be charged or allocated to various grant programs, or (b) a signed bi-weekly departmental time sheet that contains the hours that are to be charged or allocated to various grant programs. Signature blocks and specific language have been added to the quarterly summary report and the departmental time sheet. The added language provides that by signing the document the employee is certifying to the accuracy of the time to be charged or allocated to the grant program indicated.

Scheduled Completion Date of Corrective Action Plan

October 1, 2011.

Contact for Corrective Action Plan

Sheri Rockcastle, Business Manager, Department of Public Service, 802-828-4084.

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Finding 11-11

U.S. Department of Education

Program Name and CFDA Number

Title I, Part A Cluster:

Title I Grants to Local Educational Agencies (CFDA #84.010)

Title I Grants to Local Educational Agencies, Recovery Act (CFDA #84.389)

Program Award Number and Year

S010A100045A 7/1/10 – 9/30/11

S389A090045A (ARRA) 2/17/09 – 9/30/10

Criteria

A pass-through entity is responsible for monitoring the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition Found

During our testwork over subrecipient monitoring, we noted the following regarding the Vermont Department of Education’s (the Department) program monitoring visits performed over subrecipients:

- For 1 out of 7 monitoring visits, the Department did not issue a report documenting the results of its monitoring visit until 8 months after the visit had occurred.
- For 1 out of 7 monitoring visits, the Department could not locate documentation to support that the monitoring visit had occurred.
- For 1 out of 7 monitoring visits, the Department could not locate the final report sent to the subrecipient summarizing the results of their review.
- For 5 out of 7 monitoring visits, the Department could not provide documentation to support that they had followed up on actions required as a result of its monitoring visits conducted.

Cause

The cause of the condition found is the lack of an established standard method for documenting monitoring visit findings and any follow up activities that are required as a result of the review.

Effect

The effect of the condition found is the Department may not perform the required follow up actions that are required based on the results of a monitoring visit to ensure any deficiencies identified are corrected timely.

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The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its procedures to ensure that programmatic monitoring is documented in a standard format in order to ensure that all required actions are taken and outstanding matters are timely followed up on.

Management's Response and Corrective Action Plan

Condition cited is one of which the Title I Workgroup is painfully aware. Prior to the move from DOE spaces at the "Alley" in Berlin, the Director of Migrant Education worked closely with Title I support personnel to set up a procedure that would ensure timely response to Department RCAs (Recommend Corrective Actions) was taken by the LEAs following on-site visits. During the relocation of Alley staff to the Department's 120 State Street site, this newly instituted process was relegated a relatively low priority status. This was in direct response to pressing responsibilities arising from the rollout of another fiscal year and the review of CFP application for the forthcoming school year. Before this tracking procedure was reinstated and returned to a rightful priority status, the Title I support person responsible for same left our employ in order to take another position closer to her home. The individual who took over the vacancy created by the aforementioned administrative assistant's departure was to have picked up this duty. It was discussed in passing on several occasions, yet it was never fully outlined and explained to the person who currently provides administrative support to the Title I Workgroup. As such it has remained dormant until now.

Two related steps were initiated over the past year or so to follow -up on required actions:

- 1) Anne Bordonaro worked with the CFP Team in the design of a grid that served to outline the required actions and document when they were: due, completed, and fully satisfied. While this process reportedly worked well for the Title IIA HQT findings made by Ms. Bordonaro, it lost momentum when she left the DOE and as such was never fully integrated into the final monitoring processes for the other Titles within the CFP.
- 2) This year, the Title I Workgroup has resumed the use of SharePoint as the central repository for monitoring related documents, including the monitoring report. This seems like the logical place to maintain a spreadsheet that tracks monitoring findings. The Title I Workgroup leader approached the CFP Grants Manager to see if he would be willing to track findings that arose from on-site monitoring visits during the 2011-2012 school -year. The grants manager agreed to oversee the process to track and follow-up on required corrective actions.

Scheduled Completion Date of Corrective Action Plan

Although the grid referred to (see Step 2, above) has yet to be completed for the current year, the Title I Workgroup leader will craft same for each of the on-site monitoring visits that Title I performs this year, be

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they done singly or in concert with the other Titles represented within the CFP. Said crafting will be completed and entered into SharePoint not later than Friday, March 2nd. Likewise, the Title I Workgroup leader, with input and assistance from the Migrant Education State Director, will introduce the Grants Manager to, familiarize him with, and supervise him in the ongoing use of this monitoring tool not later than Friday, March 16th.

Contact for Corrective Action Plan: David Baroudi, Title I Director, Department of Education, 802-828-5156

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Finding 11-12

U.S. Department of Education

Program Name and CFDA Number

SFSF Cluster:

State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund) (CFDA #84.394)

State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA #84.397)

Program Award Number and Year

5394A090046A

7/6/09 – 9/30/10

Criteria

A pass-through entity is responsible for monitoring the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition Found

During our testwork over subrecipient monitoring, we noted that the Vermont Department of Education (the Department) did not perform award monitoring procedures to ensure that grantees used funds awarded under this program for allowable purposes. While the Department did obtain a summary report from each school district to support that the funds awarded under this program are tracked in a separate expense account, there was no documentation obtained or reviewed to ensure that the school district had used the funds for allowable purposes.

Cause

The cause of the condition found is that the Department focuses its monitoring efforts at the supervisory union level for this program and not at the individual school district, which is how the funds are disbursed.

Effect

The effect of the condition found is that grantees could have used federal funding for unallowable purposes and the Department does not have any procedures in place to monitor for areas of noncompliance.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

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Recommendation

We recommend that the Department implement controls and procedures to ensure that programmatic monitoring is being performed over subrecipients to ensure federal funding is being used for allowable purposes.

Management's Response and Corrective Action Plan

The department respectfully disputes the facts as written above, as follows.

The department did, in fact, include SFSF funds within the scope of its monitoring at supervisory union offices. However, because the funds were granted directly to school districts and not to supervisory unions, the depth of review was limited to verification that SU accounting records matched reports to the department and that the SU had knowledge of and documentation for the use of the funds.

The department has a subrecipient monitoring program in place.

Additionally, after the DOE desk -monitoring with US ED in fall of 2010, the US ED questioned departmental oversight of the SFSF funds and found that as an issue pending resolution. The department stated we would begin collecting back -up documentation from the recipients in the form of extracts from the local accounting system. As per US ED suggestion, the extracts were to show SFSF funds as a separate revenue from the State and also as specific expenditures in order to meet the federal mandate of transparency. US ED agreed this was an acceptable solution and the issue was resolved. Language from the final monitoring report follows:

Critical Element IV: Fiscal Oversight of SFSF Funds. Whether the State has established appropriate policies and procedures for ensuring fiscal oversight of SFSF funds.

Requirement and Citation: The State has established appropriate policies and procedures for ensuring subrecipients had in place systems to track and account for the use of SFSF funds; EDGAR § 80.20.

Issue: Although a number of subrecipients noted that they had used SFSF funds for allowable activities, the Department could not verify that all funds were used for allowable purposes. In part, this is because of inconclusive or incomplete source documentation of the identified expenditures for LEAs. One LEA was able to demonstrate that the funds were used for allowable activities by producing a list of the positions funded with the federal dollars and evidence that the positions were paid prior to the reimbursement. However, another LEA was not able to provide this information during the monitoring review.

The State resolved the issue by providing the Department with documentation from the LEAs demonstrating that SFSF funds were used for allowable activities.

Scheduled Completion Date of Corrective Action Plan

DOE began collecting back -up documentation for SFSF expenditures from the recipients in the form of extracts from the local accounting system in the second quarter of FY2011 and was applicable to any

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request for reimbursement from that point forward. This has been an ongoing documentation collection and appears to meet US ED requirements

Contact for Corrective Action Plan

Brad James, Education Finance Manager, Vermont Department of Education, 802-828-0471

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Finding 11-13

U.S. Department of Education

Program Name and CFDA Number

Special Education Cluster:

- Special Education – Grants to States (CFDA #84.027)
- Special Education – Preschool Grants (CFDA #84.173)
- Special Education – Grants To States, Recovery Act (CFDA #84.391)
- Special Education – Preschool Grants, Recovery Act (CFDA #84.392)

Program Award Number and Year

H027A100098A	7/1/10 – 9/30/11
H173A100106	7/1/10 – 9/30/11
H392A0900106 (ARRA)	2/17/09 – 9/30/10
H391A090098A (ARRA)	2/17/09 – 9/30/10

Criteria

All construction modernization, renovation, and repair activities funded with ARRA funds are subject to the Davis-Bacon Act requirements (Section 1606 of ARRA).

When required by the Davis-Bacon Act, the Department of Labor’s (DOL) government wide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141 -3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

Nonfederal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (*OMB No. 121-0149*).

In addition to those statutes listed in the A -102 Common Rule and OMB Circular A -110, Section 1605 of ARRA prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

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Condition Found

During the period ending June 30, 2011, the Vermont Department of Education (the Department) incurred approximately \$225,000 in ARRA funded subrecipient expenditures that were used for construction purposes. The Department did not notify the subrecipients of the Davis-Bacon Act or Buy America provisions and did not perform any award monitoring activities to ensure that the subrecipient complied with the requirements.

Cause

The cause of the condition found is primarily due to the lack of notification and monitoring by the Department to ensure that all subrecipient construction projects follow these requirements.

Effect

The effect of the condition found is that the Department did not have any procedures in place to notify or monitor subrecipient's compliance with the Davis-Bacon Act and Buy America provisions of the Recovery Act.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing controls and procedures to ensure that it is properly notifying and monitoring for all requirements that its subrecipients are required to comply with annually.

Management's Response and Corrective Action Plan

Management Response: The final two rows in the Activity column of the State of Vermont ARRA Construction Review Sheet (attached) provided to schools state: 1. "Requirement: Must comply with specific requirements relating to the use of American iron, steel, and manufactured goods used in the project. (Section 1605)" and 2. "Requirement: Must comply with wage rate provisions of ARRA (section 1606)". While these descriptions do not specifically name Buy American or the Davis Bacon Act, the reference to "American iron et al" and "wage rate" is the substance of each of those pieces of legislation.

It is the belief of the Department that the Buy American provision and Davis Bacon Act were included in reviews construction projects completed by school in Vermont under the provisions of ARRA.

Corrective Action Plan: Language will be added to the Construction Review Sheet in the activity description portion referencing Davis Bacon. An assurance line that the LEA (supervisory union) is conforming to Davis Bacon will be added to the bottom of the page. The LEA will be required to sign the assurance and mail it to the Department of Education prior to any award including renovation projects of more than \$2,000. The review sheet will also be added to the Department of Education web site for

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IDEA-B funds so that the LEAs have access to the information. The Buy American provision was part of the ARRA legislation and those funds are no longer available for use by LEAs.

Scheduled Completion Date of Corrective Action Plan: Immediately 3/1/12

Contact for Corrective Action Plan:

Alice S. Farrell, Department of Education, 802-828-0555

Michael Ferguson, Department of Education, 802-828-5110

Margaret Schelley, Department of Education, 802-828-5119

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Finding 11-14

U.S. Department of Health and Human Services

Program Name and CFDA Number

TANF Cluster:

Temporary Assistance for Needy Families (TANF) (CFDA #93.558)

ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants (CFDA #93.716)

Program Award Number and Year

G-1002VTTANF 10/1/09 – 9/30/10

G-1102VTTANF 10/1/10 – 9/30/11

G-101VTTAN2 (ARRA) 7/1/10 – 9/30/10

Criteria

The State or Tribal Plan provides the specifics on how eligibility is determined in each State or tribal service area. Whenever used in this section, “assistance,” has the meaning in 45 CFR section 260.31(a) of the TANF regulations for States and 45 CFR section 286.10 of the Tribal TANF regulations for federally recognized Tribes operating an approved Tribal TANF program.

Condition Found

The Department for Children and Families (the Department) uses the ACCESS system to store information concerning eligibility determinations and benefit amounts paid under the TANF program. In order to ensure that the data maintained by the ACCESS system is accurate and that eligibility was determined in accordance with the State plan, we selected a sample of 40 cases and agreed the information contained in the ACCESS system to the documentation maintained in each cases paper file that was used as part of the eligibility determination process. During our testwork, we noted the following:

- A. For 1 of 40 cases we were unable to obtain the participant’s application and as a result we were unable to conclude whether the participant was eligible for benefits.
- B. 1 of 40 cases did not have any documentation to support the shelter allowance used to calculate the participants benefit. As a result, we are unable to conclude that the benefit amount paid was accurate.
- C. 3 of 40 cases had inaccurate documentation in the case file to support earned income.
- D. 1 of 40 cases should have received a prorated benefit of 73%, resulting in an underpayment of benefits of \$373 for the claim month selected.
- E. 1 of 40 cases the participant had been receiving benefits for more than 60 months as of November 2010 due to the hardship experienced by the participant. Participants that receive this

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exemption are required to comply with their family development plan activities. We noted during our review that it did not appear that the participant was complying with the activities outlined in their family development plan and was therefore not eligible to continue receiving benefits.

Cause

The cause of the condition found was primarily due to a large increase in the caseload being reviewed by the State while the number of case managers declined during the same period.

Effect

The effect of the condition found is that benefit payments made may not be accurate and in accordance with federal regulations.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department review its existing procedures and controls for reviewing and approving eligibility determinations to ensure that the information used to support the monthly calculations is accurate and consistent to ensure that benefit amounts paid are in compliance with federal regulations.

Management Response and Corrective Action Plan

AHS agrees with the recommendation. The corrective action plan for this finding is being addressed by making staff aware of the exceptions noted in the audit finding, additional training and awareness of proper procedure, and as part of a modernization project.

An automated document processing center was put in place and all districts had implemented its use as of January 2011. Incoming documentation is scanned on a daily basis and indexed to the appropriate virtual case file. As a result the incidence of missing data will be greatly reduced.

TANF staff was informed of the exceptions noted during the audit and reminded of the importance of verifying eligibility information and maintaining appropriate documentation.

Several Standard Operating Procedures will be developed and circulated to staff to reinforce previous training: the proper way to handle pay stubs, proper shelter expense budgeting, how to use the ACCESS system in the case of a break in benefits, and proper handling of ESD Sanction Authorization forms. Where appropriate, existing SOPs will be reissued.

Scheduled Completion Date of Corrective Action Plan

March 31, 2012.

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Contact

Ursula Boehringer, AHS Audit Chief, Agency of Human Services, 802-871-3006

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Finding 11-15

U.S. Department of Health and Human Services

Program Name and CFDA Number

Child Support Enforcement (CFDA #93.563)

Program Award Number and Year

1004VT4004	10/1/09 – 9/30/10
1004VT4002	10/1/09 – 9/30/10
1104VT4004	10/1/10 – 9/30/11

Criteria

For all cases in which an obligation to support and the amount of the obligation has been established, the agency must maintain a system for (a) monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to support payable for one month, or an earlier date in accordance with State or tribal law, those cases in which there is a failure to comply with the support obligation; and (c) enforcing the obligation. To enforce the obligation the agency must initiate income withholding, if required by and in accordance with 45 CFR section 303.100 or 45 CFR section 309.110. State IV -D agencies must initiate any other enforcement action, unless service of process is necessary, within 30 calendar days of identification of the delinquency or other support -related noncompliance, or location of the absent parent, whichever occurs later. If service of process is necessary, service must be completed and enforcement action taken within 60 calendar days of identification of the delinquency or other noncompliance, or the location of the absent parent whichever occurs later. If service of process is unsuccessful, unsuccessful attempts must be documented and meet the State’s guidelines defining diligent efforts. If enforcement attempts are unsuccessful, the State IV-D agency should determine when it would be appropriate to take an enforcement action in the future and take it at that time (45 CFR section 303.6). Optional enforcement techniques available for use by the State’s are found at 45 CFR sections 303.71, 303.73, and 303.104.

Condition Found

During our testwork over child support enforcement, we noted the following:

- 1 of 40 cases reviewed did not have any enforcement actions taken when enforcement action was necessary.
- 1 of 40 cases reviewed did not have an enforcement action taken within the required 60 days.

Cause

The cause of the condition found was due to insufficient staff to monitor the progression of each case to ensure all required actions are completed timely.

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Effect

The effect of the condition found is the potential for noncompliance with federal time periods for enforcement of support orders.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

Recommendation

We recommend that the Office of Child Support review its control procedures for both manual and IT controls to ensure that there are adequate controls in place to ensure compliance with federal requirements.

Management's Response and Corrective Action

OCS concurs there were 2 errors out of the 40 cases reviewed which is a 95% accuracy rate for OCS. We understand this well exceeds the federal child support program requirement for substantial program compliance of 75% and are proud of the results, which consistently place the Vermont Office of Child Support as one of the top performers in the nation. In addition, OCS is subject to annual Federal reviews which result in favorable outcomes.

The case exception were reviewed to examine how the exceptions occurred and what steps could have been taken to be in compliance. When appropriate, OCS will provide feedback for the staff involved.

Due to the high compliance rate, OCS does not agree that there is a need to review control procedures for both manual and IT controls to ensure that there are adequate controls in place to ensure compliance with Federal requirements as we are operating above the Federal requirement.

Scheduled Completion Date of the Corrective Action

March 31, 2012.

Contact for Corrective Action Plan

Ursula Boehringer, AHS Audit Chief, Agency of Human Services, 802-871-3006

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Finding 11-16

U.S. Department of Health and Human Services

Program Name and CFDA Number

Child Support Enforcement (CFDA #93.563)

Program Award Number and Year

1004VT4004	10/1/09 – 9/30/10
1004VT4002	10/1/09 – 9/30/10
1104VT4004	10/1/10 – 9/30/11

Criteria

Per 45 CFR 303.7(b)(2)), except as provided under the long arm statute, within 20 calendar days of determining that the noncustodial parent is in another state, and if appropriate, receipt of any necessary information needed to process the case, the State is required to refer the case to the appropriate out of state interstate registry for action including requests for location, document verification, administrative reviews in Federal income tax refund offset cases, income withholding, and State income tax refund offset.

Per (45 CFR 303.7(b)(4)), within 30 calendar days of receipt of a request for information, provide the IV-D agency or central registry in the responding State with any requested additional information or notify the responding State when the information will be provided.

Condition Found

During our testwork over interstate communications, we noted that 2 of 20 cases selected for responding interstate testwork did not communicate new information to the other state agency within the 10 day requirement.

Cause

The cause of the condition found was due to insufficient staff to monitor the progression of all cases to ensure timely actions are taken within the required time period.

Effect

The effect of the condition found is the potential for noncompliance with federal time periods and requirements for interstate cases.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

Questioned Costs

None.

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Recommendation

We recommend that the Office of Child Support and the Agency of Human Services review its control procedures for both manual and IT controls to ensure that there are adequate controls in place to ensure compliance with federal requirements.

Management's Response and Corrective Action

We concur 2 cases out of 20 cases reviewed were found to have an error, which results in a 90% accuracy rate. This accuracy rate well exceeds the federal child support program requirement for substantial program compliance of 75%. We are proud of the results, which consistently place the Vermont Office of Child Support as one of the top performers in the nation. In addition, OCS is subject to annual Federal reviews which result in favorable outcomes.

The two case exceptions were reviewed to examine how the exceptions occurred and what steps could have been taken to be in compliance. When appropriate, we will prepare feedback to staff involved.

Scheduled Completion Date for Corrective Action Plan

March 31, 2012.

Contact for Corrective Action Plan

Ursula Boehringer, AHS Audit Chief, Agency of Human Services, 802-871-3006

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Finding 11-17

U.S. Department of Health and Human Services

Program Name and CFDA Number

Adoption Assistance (CFDA #93.659)

ARRA - Adoption Assistance (CFDA #93.659)

Program Award Number and Year

1001VT1407	10/1/09 – 9/30/10
1001VT1403	10/1/09 – 9/30/10
1101VT1407	10/1/10 – 9/30/11
1101VT1407	10/1/10 – 9/30/11

Criteria

A child is considered eligible to receive monthly Adoption Assistance subsidy payments until the age of 18, or until the child has finished high school.

Condition Found

During our test work over allowability, we noted that for 1 of 40 files selected for testwork, the adoption subsidy had been paid on behalf of a child who had exceeded the age of 18.

Cause

The cause of the condition found was due to the Department for Children and Families (the Department) not terminating the participant's benefit payments timely. In March 2011, the Department had performed an internal review of all of its subsidy cases and found that this child had received federal funding in error during the period between March 2010 and March 2011. While this error had been identified, the Department did not update its system and as a result, this child continued to receive benefit payments from April 2011 forward.

Effect

The effect of the condition found is that unallowable benefits were paid for a 3 month period. While a corrective action had been implemented to help identify these cases, the lack of procedures to ensure that all required system changes are implemented to stop unallowable payments resulted in the error not being remedied for future payments.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

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Questioned Costs

\$2,853

Recommendation

We recommend that the Department review its controls and procedures to ensure that cases are reviewed timely throughout the year to ensure that benefits are not paid on behalf of children that have either reached the age of 18 or have graduated high school.

Management Response and Corrective Action

We agree with the recommendation and have put controls in place to ensure that benefits are not paid on behalf of children that have either reached the age of 18 or have graduated high school.

As a result of a finding for SFY 10, controls were put in place to ensure that as a child nears 18 the case is reviewed and the funding stream changed appropriately. In addition to implementing this new process, the adoption assistance program staff took pre-emptive action to review all cases involving children already over 18 at the time the new controls were implemented. During the review adoption assistance staff found several exceptions. These case payment streams were corrected and the Federal fund overpayments returned. However, in completing the corrections in the coding of these cases, one case was overlooked and continued to be paid partially with Federal dollars. This is the exception noted in the current audit finding. The questioned costs were returned on form CB-496 for the quarter ended 12/31/11.

Adoption assistance is confident that all cases are now in compliance and that the new controls will prevent further errors. No further corrective action considered necessary.

Completion Date of Correction Action

June 30, 2011.

Contact

Ursula Boehringer, AHS Audit Chief, Agency of Human Services, 802-871-3006

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June 30, 2011

Finding 11-18

U.S. Department of Health and Human Services

Program Name and CFDA Number

Medicaid Cluster:

- Medical Assistance Program (CFDA #93.778)
- ARRA - Medical Assistance Program (CFDA #93.778)
- State Medicaid Fraud Control Units (CFDA #93.775)
- State Survey and Certification of Healthcare Providers and Suppliers (CFDA #93.777)

Program Award Number and Year

75X0512	9/30/09 – 6/30/11
11-W00194/1	10/1/05 – 9/30/10
11-W00194/1	1/1/2011 – 12/31/13
11-W-00191/1	10/1/05 – 9/30/10
11-W-00191/1	10/1/10 – 9/30/15

Criteria

State ADP security programs shall include the following components (1) a security plan and appropriate policies and procedures to address various areas, such as physical security, telecommunications security, and contingency plans, (2) periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems, and (3) biennial ADP system security reviews of installations involved in the administration of HHS programs, which cover, at a minimum, an evaluation of physical and data security operating procedures and personnel practices (45 CFR 95.621).

Condition Found

The Agency of Human Services (AHS) is the designated single state Medicaid agency. Within AHS, the Department of Vermont Health Access (DVHA) has been designated as the medical assistance unit and the Department for Children and Families (DCF) is responsible for determining client eligibility (using the ACCESS system). While Medicaid eligibility is determined by the State, claims processing is performed through a combination of State and contractor systems and resources. For example, DVHA contracts with HP Enterprise Services to process all Medicaid claims for payment using the Medicaid Management Information System (MMIS). In addition, SXC Health Solutions, Inc. operates RxClaim® to adjudicate drug claims. The State itself is also a major control point for ensuring the integrity of claims processing. For example, the State controls access to the claims processing system by State personnel and approves changes to the system.

AHS has made notable progress correcting previously reported deficiencies related to the implementation of the Federal ADP security program requirements. For example, in December 2010, AHS started

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including a standard contract provision in its Medicaid contracts that requires contractors and subcontractors to provide a security plan, risk assessment, and security controls review documents to support compliance with 45 CFR §95.621. These documents must be provided within 3 months of the start date of the contract and updated annually.

Nevertheless, there are continuing weaknesses the surrounding implementation in the ADP security program with respect to risk assessments. In particular, (1) SXC Health Solution's risk assessment was incomplete and (2) the plan of action in the MMIS risk assessment did not include milestones.

Cause

The cause of the condition found is due primarily to a lack of personal and monetary resources to comply with the federal requirements.

Effect

The effect of the condition found is that, there are continuing weaknesses in the implementation in the ADP security program with respect to risk assessments. In particular, (1) SXC Health Solution's risk assessment was incomplete and (2) the plan of action in the MMIS risk assessment did not include milestones.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

None.

Recommendation

We recommend that AHS obtain a complete risk assessment from SXC Health Solutions and develop and track milestones associated with the corrective actions related to the MMIS risk assessment.

Management Response and Corrective Action Plan

AHS agrees with the recommendation by KPMG and had previously taken steps to correct the situation.

AHS will obtain the remaining portions of the risk assessment from SXC Health Solutions by April 30, 2012.

HP previously refreshed the entire MMIS risk assessment per contract in December 2012. AHS will work with HP to verify that the plan of action in the HP risk assessment contains tracked milestones.

Scheduled Completion Date of Corrective Action Plan

April 30, 2012.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006

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Schedule of Findings and Questioned Costs

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Finding 11-19

U.S. Department of Health and Human Services

Program Name and CFDA Number

Medicaid Cluster:

- Medical Assistance Program (CDFA #93.778)
- ARRA - Medical Assistance Program (CFDA #93.778)
- State Medicaid Fraud Control Units (CFDA #93.775)
- State Survey and Certification of Healthcare Providers and Suppliers (CFDA #93.777)

Program Award Number and Year

75X0512	9/30/09 – 6/30/11
11-W00194/1	10/1/05 – 9/30/10
11-W00194/1	1/1/2011 – 12/31/13
11-W-00191/1	10/1/05 – 9/30/10
11-W-00191/1	10/1/10 – 9/30/15

Criteria

As required by the 115 Demonstration Waiver, Global Commitment to Health (the Waiver), once the Managed Care Organization’s (MCO) contractual obligations to the population covered under the Wavier is met, any excess revenue from capitated payments received under the Waiver must be used to (1) reduce the rate of uninsured and, or underinsured in Vermont; (2) increase the access of quality health care to uninsured, underinsured and Medicaid beneficiaries, (3) provide public health approaches to improve the health outcomes and the quality of life for the uninsured, underinsured and Medicaid beneficiaries; and (4) encourage the formation and maintenance of public -private partnerships in health care. This revenue is referred to as MCO investments.

Condition Found

During our testwork over the allowability of MCO Investment payments, we selected approximately \$50.8 million out of a total of \$56.3 million MCO Investment payments made for the year ended June 30, 2011 and noted the following:

- A. MCO Investments totaling \$1,898,324 were paid to the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) to fund various health care related activities. The funds paid were to have met the MCO Investment category of 2 as defined above. Per review of the expenditure detail, we noted that approximately \$435,000 of this MCO Investment was used to pay for salary expenses incurred at BISHCA. We selected a sample of 2 payroll transactions and noted that for each payroll transaction selected for test work, 47% of the gross salary cost was charged to the MCO Investment. The 47% allocation rate was utilized by BISCHA as 47% of total

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contract expenses incurred by BISCHA is charged to this MCO Investment. While we were able to recalculate this percentage, we are unable to conclude that applying this percentage to salary costs is reasonable.

- B. MCO Investments totaling \$1,410,956 were paid to the Vermont Veterans Home, which is a skilled nursing facility that serves veterans, spouses, and Gold Star parents (parents of soldiers killed in action). This program is directly appropriated money by the Vermont State Legislature as part of the annual budget process. The funds paid were to have met the MCO Investment category of 2 as defined above. We were unable to obtain any evidence to support what types of costs were incurred by the Vermont Veterans Home or who received services under the MCO Investment payments.
- C. MCO Investments totaling \$4,006,156 were paid to the University of Vermont to provide services under the Vermont Physician Training program. This program is directly appropriated money by the Vermont State Legislature. The funds paid under this program were to have met the MCO Investment category of 2 as defined above. The University of Vermont indicated that the funds had been used to support the University's College of Medicine's educational programs, however, the University did not maintain any detailed accounting records, effort reports or other documentation to support how the funds were spent, nor are they required to by the MOU that the State of Vermont entered into with the University of Vermont. Accordingly, we were unable to determine if the University of Vermont had spent the funds in accordance with the waiver agreement.
- D. MCO Investments totaling \$2,661,246 were used to fund payments made for Aid to the Aged, Blind and Disabled CCL III program, administered by the Department for Children and Families. Funds paid under this program were to have met the MCO Investment category of 2, defined above. The costs incurred under this program represented additional payments made to individuals who receive Social Supplemental Income (SSI) and live in a level III home. A level III home provides services to people in need of a residence for reasons of health status. The payments made under this program are paid directly to the participant. We were unable to obtain evidence to support that the participant used this payment for healthcare related services. As such, these costs do not appear to be healthcare related and, accordingly, do not meet the definition of MCO Investment category 2.
- E. MCO Investments totaling \$570,493 were used to fund payments made for the Therapeutic Care program, administered by the Department for Children and Families. Funds paid under this program were to have met the MCO Investment categories of 2, defined above. The costs incurred under this program represented additional payments made to individuals who provide services to children who are considered at risk for developmental delays due to their individual special needs or to familial risk factors including issues of abuse or neglect, substance abuse, domestic violence and incarceration of a parent. The child care services are provided by specialized child care providers who have received training in working with at risk children and their families. The payments made under this program are paid directly to the provider. We were unable to obtain evidence to support that the provider used this payment for healthcare related services. As such, these costs do not appear to be healthcare related and, accordingly, do not meet the definition of MCO Investment category 2.
- F. MCO Investments totaling \$2,221,448 were used to fund the Community Rehabilitative Care Program administered by the Department of Corrections. Funds incurred under this program were to have met the MCO Investment category of 2, as defined above. The services under this program

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represented salary costs of probation and parole officers that provide case management services and construct and implement case plans to address criminogenic behaviors. Costs were allocated to this program using a rate of 38%, which is an estimate made by the Department of Corrections as to the percentage of Vermont residents who are uninsured, underinsured or Medicaid eligible and then by an additional rate of 62.5%, which is the estimated time that probation and parole officers spend providing these services. We were unable to obtain evidence to support that the case management services provided by the probation and parole officers met the definition of health care services, nor were we able to obtain evidence to support that the service rendered met the definition of MCO Investment category 2. In addition, we were unable to obtain evidence to support the reasonableness of the allocation rates used by the Department of Corrections to allocate the payroll cost to this program.

- G. MCO Investments totaling \$1,912,034 were paid to help fund the Health Laboratory program administered by the Department of Health. The funds paid under this program were to have met MCO Investment category 2, as defined above. The total costs incurred under this program were allocated to the MCO Investment using a rate of approximately 60.9%, which is an estimate of the Vermont population that is Medicaid eligible, underinsured or uninsured based on the 2009 Vermont Household Healthy Insurance Survey (VHHIS) Results provided to the State Legislature on January 15, 2010. While the individual costs selected for testwork under this program appeared to be health care related, we were unable to determine whether or not the 60.9% allocation rate is reasonable to appropriately allocate the costs to meet the MCO Investment definition.
- H. MCO Investments totaling \$752,375 were paid to help fund the Vermont Blueprint for Health program administered by the Department of Health. The funds paid under this program were to have met MCO Investment category 2, as defined above. The total costs incurred under this program were allocated to the MCO Investment using a rate of approximately 60.9%, which is an estimate of the Vermont population that is Medicaid eligible, underinsured or uninsured based on the 2009 VHHIS Results provided to the State Legislature on January 15, 2010. While the individual costs selected for test work under this program appeared to be health care related, we were unable to determine whether or not the 60.9% allocation rate is reasonable to appropriately allocate the costs to meet the MCO Investment definition.
- I. MCO Investments totaling \$1,693,198 were paid to help fund the Substance Abuse Treatment program administered by the Department of Health. The funds paid under this program were to have met MCO Investment category 2, as defined above. The total costs incurred under this program were allocated to the MCO Investment using a rate of approximately 60.9%, which is an estimate of the Vermont population that is Medicaid eligible, underinsured or uninsured based on the 2009 VHHIS Results provided to the State Legislature on January 15, 2010. While the individual costs selected for test work under this program appeared to be health care related, we were unable to determine whether or not the 60.9% allocation rate is reasonable to appropriately allocate the costs to meet the MCO Investment definition.

While the Agency of Human Services (AHS) and the Department of Vermont Health Access (DVHA) have developed procedures for defining how they interpret the types of costs that are allowable under each MCO Investment category, we were unable to conclude that each of the costs selected above was allowable under the narrow definition provided within the Waiver. Based on the lack of documentation to support the

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rationale for how these costs were allocated to the program, we consider this to be a material weakness in internal controls.

Cause

The cause of the condition found is the lack of documentation to support how costs are determined to be an allowable MCO Investment and documentation to support the methodologies used to allocate costs to an MCO Investment.

Effect

The effect of the condition found is that costs may be charged to this program that are not allowable under federal regulations.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

Not determinable.

Recommendation

We recommend that AHS implement policies and procedures for documenting what a MCO Investment is and arriving at adequate documentation to support how costs are allocated to this program.

Management's Response and Corrective Action Plan

AHS has implemented procedures for the approval of MCO investments and for the documentation of that process. Those documents have been made available to the auditor. AHS believes that this finding arises from a difference in understanding of the terms of the waiver between itself and the auditors, and not from a lack of documentation. AHS and CMS are in continuous discussions of the nature of the demonstration and its progress. The MCO investments are reported to CMS annually. Evaluation of the demonstration is an essential part of the waiver process and is ongoing. The adequacy of documentation of the demonstration is an element of that ongoing discussion and evaluation.

As noted under "conditions found" several MCO investments are allocated using a rate that represents the percentage of Vermonters that are uninsured, underinsured, or Medicaid eligible. This rate is based on the results of the Vermont Household Health Insurance Survey (VHHIS) performed by Vermont Department of Banking, Insurance, and Health Care Administration (BISHCA). BISHCA contracted with experts in the field of survey methodology to complete the surveys and prepare the report. We are confident that it is unnecessary for AHS to assess the accuracy of the work completed by national experts when AHS does not share this expertise.

The GC Waiver was extended on January 1, 2011. Prior to extension, CMS reviewed expenditures made during the initial five year waiver period, including the MCO investments. The review did not challenge or request changes in any of the MCO investments nor were any new requirements added to the STCs pertaining to the MCO Investments. We are confident that we have documented the investments well,

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supported the costs allocated to this program, and that CMS approves of our process and MCO investment costs.

Scheduled Completion Date of Corrective Action Plan

No further corrective action considered necessary.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006

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Finding 11-20

U.S. Department of Health and Human Services

Program Name and CFDA Number

Medicaid Cluster:

- Medical Assistance Program (CDFA #93.778)
- ARRA - Medical Assistance Program (CFDA #93.778)
- State Medicaid Fraud Control Units (CFDA #93.775)
- State Survey and Certification of Healthcare Providers and Suppliers (CFDA #93.777)

Program Award Number and Year

75X0512	9/30/09 – 6/30/11
11-W00194/1	10/1/05 – 9/30/10
11-W00194/1	1/1/2011 – 12/31/13
11-W-00191/1	10/1/05 – 9/30/10
11-W-00191/1	10/1/10 – 9/30/15

Criteria

As required by the 1115 Demonstration Waiver, Global Commitment to Health (the Waiver), once the Managed Care Organization (MCO)'s contractual obligation to the population covered under the Waiver is met, any excess revenue from capitated payments received under the Waiver must be used to (1) reduce the rate of uninsured and, or underinsured in Vermont; (2) increase the access of quality healthcare to uninsured, underinsured and Medicaid beneficiaries, (3) provide public health approaches to improve the health outcomes and the quality of life for the uninsured, underinsured and Medicaid beneficiaries; or(4) encourage the formation and maintenance of public -private partnerships in healthcare. The excess revenue is referred to as MCO investments.

Matching or cost sharing includes requirements to provide contributions (usually nonfederal) of a specified amount or percentage to match federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions). Entities are required to provide reasonable assurance that matching requirements are met using only allowable funds or costs that are properly calculated or valued. Additionally, under the standard terms and conditions of the Waiver, unless specified otherwise, all requirements of the Medicaid program apply to the Waiver, which includes the requirement that all sources of nonfederal funding be compliant with section 1903(w) of the Social Security Act and applicable regulations.

Condition Found

The Agency of Human Services (AHS) used school-based health service expenditures to fund a portion of the State's share of the Medicaid program. To determine the amount of school-based health service

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expenditures that AHS will use annually to fund the State share of the Medicaid program, the Vermont Department of Education (the Department) reports to AHS the total cost of school nursing and occupational therapy services provided to all students free of charge. The Department collects information from each school district that reports the costs associated with the school-based health services which is then submitted to AHS. AHS then multiplies the total cost incurred by the school districts by the estimated percentage of uninsured, underinsured or Medicaid eligible children in the State of Vermont in order to determine the state matching expenditures. The estimated percentage used in the calculation has been developed, in part, from data contained in the 2010 Vermont Household Health Insurance Survey.

During our testwork, we noted that for the period of July 31, 2010 through December 31, 2010, AHS utilized \$4,478,124 in expenditures related to school nurse services to secure federal matching funds of approximately \$6.9 million. The amount of school nurse expenditures were calculated using amounts reported, as incurred, by Vermont school districts and reported by to the State. In arriving at the \$4,478,124, the amount provided by the school districts was multiplied by a percentage estimate of uninsured, underinsured or Medicaid eligible children in the state.

The school nurse expenditure data and the data supporting the percentage were not audited and AHS does not have any procedures to validate that the completeness or accuracy of either of these data sources. Accordingly, we were unable to determine whether the \$4,478,124 of school nurse expenditures used to support the state match were allowable or whether the related federal matching funds of approximately \$6.9 million should have been drawn down.

Cause

The cause of the condition found is that AHS has not developed procedures to ensure the accuracy of the data used to support the matching funds provided by school-based health services.

Effect

The effect of the condition found is that AHS may not have provided the necessary required state match under this program. As a result, the State may have inappropriately drawn down federal funds due to a lack of required state match being made available at the time of the federal draw.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal control.

Questioned Costs

Not Determinable.

Recommendation

We recommend that AHS implement policies and procedures for documenting how it has provided the required state match for the Medicaid program and that the source of the match is allowable and accurate.

Management's Response and Corrective Action Plan

The finding states that AHS has not audited the school nurse expenditure data and AHS does not have any procedures to validate that the completeness or accuracy. AHS believes that it can appropriately rely on

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work of other State agencies. The Department of Education annually conducts the nurse expenditure survey. DOE provides instructions for the Supervisory Unions to complete the information request. DOE compiles the results and submits the information to AHS. AHS does not audit or otherwise verify this information because we believe we can rely on schools to correctly report their expenditures to the Department of Education.

The finding states that data supporting the percentage were not audited and AHS does not have any procedures to validate that the completeness or accuracy. As made known to the auditors, this rate is based on the results of the Vermont Household Health Insurance Survey performed by Vermont Department of Banking, Insurance, and Health Care Administration (BISHCA). BISHCA contracts with experts in the field of survey methodology to complete the surveys and prepare the report. We have reviewed the BISHCA's contract for the survey and do not believe it is necessary or appropriate for AHS to assess the accuracy of the work completed by national experts in the field.

Scheduled Completion Date of Corrective Action Plan

No further corrective action considered necessary.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006

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Finding 11-21

U.S. Department of Health and Human Services

Program Name and CFDA Number

Medicaid Cluster:

- Medical Assistance Program (CDFA #93.778)
- ARRA - Medical Assistance Program (CFDA #93.778)
- State Medicaid Fraud Control Units (CFDA #93.775)
- State Survey and Certification of Healthcare Providers and Suppliers (CFDA #93.777)

Program Award Number and Year

75X0512	9/30/09 – 6/30/11
11-W00194/1	10/1/05 – 9/30/10
11-W00194/1	1/1/2011 – 12/31/13
11-W-00191/1	10/1/05 – 9/30/10
11-W-00191/1	10/1/10 – 9/30/15

Criteria

Each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the State Plan the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. The State is required to request and obtain information regarding unearned income from the Internal Revenue Service (IRS) as follows (42 USC 1320b -7; 45 CFR sections 205.55).

Document qualified alien status if the applicant or recipient is not a U.S. citizen (42 USC 1320b -7d). Qualified aliens, as defined at 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for Medicaid for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five -year bar under the terms of 8 USC 1613. States must provide Medicaid to certain qualified aliens in accordance with the terms of 8 USC 1612(b)(2), provided that they meet all other eligibility requirements. States may provide Medicaid to all other otherwise eligible qualified aliens who are not barred from coverage under 8 USC 1613 (the five -year bar). All aliens who otherwise meet the Medicaid eligibility requirements are eligible for treatment of an emergency medical condition under Medicaid, as defined in 8 USC 1611(b)(1)(A), regardless of immigration status or date of entry.

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Condition Found

During our testwork over the IEVS system and citizenship verification as part of eligibility testwork, we noted the following:

- A. We were unable to test the accuracy of the eligibility determinations paid for 14 out of 65 cases selected for testwork. While the case records for these participants had been provided to us, the case files were destroyed as a result of severe flooding on August 29, 2011 prior to our review as part of our audit. As part of our audit procedures, we selected an additional 14 cases for testwork and identified no exceptions as part of our testwork.
- B. 2 of 65 cases had inaccurate documentation to support child support payments that were considered as part of the eligibility determination process.
- C. 2 of 65 cases had either missing or inaccurate information to support earned income that was considered as part of the eligibility determination process.
- D. 1 of 65 cases had a participant who was receiving benefit payments that did not appear to be eligible to receive benefits under the Medicaid program as their income level exceeded the maximum required level.
- E. 1 of 65 cases had a participant that had turned 21 and should have been considered eligible for benefits as an individual, but had incorrectly been determined eligible under their parents' case file. As a result, we are unable to conclude whether or not this individual was eligible to receive benefits under this program.
- F. 1 of 65 cases had a participant that did not have a citizenship code within ACCESS, the State's eligibility documentation system, and as a result, we were unable to determine whether or not the individual met the eligibility requirements for this program.

Cause

The cause of the condition found above is human error. There do not appear to be controls in place to ensure that consistent information is being obtained to support participant eligibility. While there is a functioning Quality Control Unit in place, if these types of errors identified above are noted and they don't impact the participants actual eligibility determination, they may not be communicated to the district office.

Effect

The effect of the condition found is that the inconsistent or inaccurate information is maintained within the case file to support the eligibility determination process and this could result in unallowable costs being paid on behalf of ineligible participants.

The condition found appears to be systemic in nature and is considered to be a significant deficiency in internal controls.

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Questioned Costs

Not determinable.

Recommendation

We recommend that the Department review its procedures over obtaining and validating documentation reported by applicants that is used to determine eligibility for the Medicaid program and that information is validated to ensure that eligibility determinations are accurate and in compliance with federal regulations.

Management's Response and Corrective Action Plan

During fiscal year 2011, the Economic Services Division experienced very high caseloads and significant staff turnover. In recent months, ESD has begun focusing on training strategies for workers. The emphasis will be on better training for new staff, improved desk aides, and required annual refresher training. ESD is also reviewing existing procedures to identify problem areas which need to be improved upon. As a result of these audit findings, ESD will review its procedures for documentation and validation of required eligibility data. Once the procedures are reviewed and updated, they will be disseminated and trained throughout ESD.

Scheduled Completion Date of Corrective Action Plan

June 30, 2012.

Contact for Corrective Action Plan

Ursula Boehringer, Audit Chief, Agency of Human Services, 802-871-3006.

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June 30, 2011

Finding 11-22

U.S. Department of Homeland Security

Program Name and CFDA Number

Public Assistance Grants – Public Assistance (Presidentially Declared Disaster) (CFDA #97.036)

Program Award Number and Year

FEMA-1951-DR-VT

December 1, 2010

Criteria

The Federal Emergency Management Administration (FEMA) will pay seventy-five percent (75%) of the eligible cost or permanent restorative work under section 406 of the Stafford Act and for emergency work under section 403 and section 407 of Stafford Act unless the federal share is increased under this section (44 CFR section 206.479(a)).

Condition Found

The Agency of Transportation (the Agency) requires that subrecipients contribute funds to assist the Agency in meeting the 25% matching requirement under this program. The Agency did not monitor or validate that the subrecipient provided an eligible source of matching funds for all 5 projects selected for testwork.

Cause

The cause of the condition found is due to inadequate controls and procedures in place to properly monitor all subrecipients related to the source of matching funds.

Effect

The effect of the condition is that the Agency does not have adequate documentation to support the Agency met the required state matching share to be eligible to receive federal funding.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Agency review its existing procedures over monitoring all public assistance grants to ensure compliance with the above stated requirements.

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Management's Response and Corrective Action Plan

The Contract and Grants Unit have implemented a plan that requires the monitoring of subrecipients that receive federal flow through funding from federal sources. This plan establishes a monitoring system that defines subrecipient monitoring and the required core monitoring areas. Additionally, The Project Completion and Certification Report has been modified, so that the subrecipient signs a certification that states, "the amount listed under the "Local Share Amt" does not include other federal funding."

Scheduled Completion Date of Corrective Action Plan

March 31, 2012.

Contacts for Corrective Action Plan

Coleen Krauss, Financial Manager III, Agency of Transportation, 802-828-0631

Terry Call, Audit Unit Supervisor, Agency of Transportation, 802-828-2406

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Schedule of Findings and Questioned Costs

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Finding 11-23

U.S. Department of Homeland Security

Program Name and CFDA Number

Public Assistance Grants – Public Assistance (Presidentially Declared Disaster) (CFDA #97.036)

Program Award Number and Year

FEMA-1790-DR-VT	July 21, 2009
FEMA-1816-DR-VT	January 14, 2009
FEMA-1951-DR-VT	December 1, 2010

Criteria

In accordance with the Federal Emergency Management Administration (FEMA)-State Agreement, the grantee shall submit Financial State Reports, SF 269 or FEMA 20-10, to the FEMA Regional Office 30 days after the end of the first federal quarter following the initial grant award. The Grantee shall submit quarterly financial status reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30.

In compliance with 44 CFR 13.20(b) (1), *Financial Reporting*, Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant and subgrantees.

Condition Found

During our testwork over the Agency of Transportation’s (the Agency) reporting process, we noted for the reports filed for the quarter ending September 30, 2010, the Agency did not track subrecipient nonfederal share of costs and could not accurately report the total recipient outlays within the federal report. The Agency utilized management estimates in determining the subrecipients matching component for the outlays during the reporting period. Utilization of the estimated does not necessarily contain a complete and accurate account of the financial reporting activity during the reporting period as required under federal regulations.

Cause

The cause of the condition found is due to inadequate controls and procedures related to the preparation, review and approval of federal reports.

Effect

The effect of the condition found is that inaccurate reports were filed.

The condition found appears to be systemic in nature and is considered to be a material weakness in internal controls.

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Questioned Costs

Not determinable.

Recommendation

We recommend that the Agency implement controls and procedures to review all federal reports for accuracy and completeness prior to the report being filed.

Management's Response and Corrective Action Plan

The Contract and Grants Unit have implemented a plan that requires the monitoring of subrecipients that receive federal flow through funding from federal sources. This plan establishes a monitoring system that defines subrecipient monitoring and the required core monitoring areas. Monitoring activities include the core monitoring areas: activities allowed or not allowed; allowable costs/cost principles; period of availability of funds; and reporting. We will continue to update procedures, documenting how the quarterly reports are prepared, reported and supported by financial documentation.

Scheduled Completion Date of Corrective Action Plan

April 31, 2012.

Contacts for Corrective Action Plan

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