



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 | |
| | | <u>81,546,695</u> | <u>25,463,918</u> | <u>82,718</u> |
| 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 | |
| | | <u>1,739,071</u> | <u>1,696,516</u> | <u>—</u> |
| 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 | | |
| | | <u>16,924,589</u> | <u>273,521</u> | <u>—</u> |
| 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 | | |
| | | <u>22,088,958</u> | <u>21,458,171</u> | <u>—</u> |
| 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 | |
| | | 42,624,105 | 32,662,701 | — |
| 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 | |
| | | 19,495,012 | 13,987,425 | 293,357 |
| 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 | |

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 |
|-------------------------------|-------------|--|--------------|---|---|
| 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 | | |
| 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 | | |
| 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 | |

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 |
|----------------------|-------------|---|---------------|---|---|
| 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 | | |
| Human Services | 93.563 | Child Support Enforcement | 8,537,702 | 135,061 | |
| 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 | 93.243 | Substance Abuse and Mental Health Services – Projects of Regional and National Significance | 217,114 | | |
| Judiciary | 93.586 | State Court Improvement Program | 388,339 | | |
| Judiciary total | | | 1,259,368 | — | — |
| 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 | 29,929 |
| Labor | 17.259 | WIA Youth Activities | 2,513,140 | | 163,555 |

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 |
|-----------------------|-------------|--|--------------------|---|---|
| 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 | 217,227,345 | 161,103 | 1,679,836 |
| Libraries | 45.310 | Grants to States | 849,742 | 66,410 | |
| | | Libraries total | 849,742 | 66,410 | — |
| 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 | 16,037,535 | — | — |
| 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 | 42,717,644 | 32,422,857 | — |
| 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 | 7,719,126 | 303,330 | — |
| 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 | 7,495,111 | 1,433,365 | — |
| 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 | | |

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 |
|-------------------------------------|-------------|--|-------------------------|---|---|
| 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.

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

(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 |
|--|--------------|-----|------------------|

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

| <u>CFDA number</u> | <u>Name of federal program</u> |
|--|--|
| 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 |

STATE OF VERMONT

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

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(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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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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- 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

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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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Finding 11-07

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

When required by the Davis-Bacon Act, the Department of Labor (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 \$2,000 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)).

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractors or subcontractor comply with the requirements of 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 Nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (Certified Payroll) (29 CFR section 5.5 and 5.6). This reporting is often done using the optional Form WH -347, which includes the required statement of compliance (OMB No. 1215 -0149).

Condition Found

During our testwork over subrecipient monitoring, we noted that the Agency of Transportation (the Agency) did not have adequate documentation to demonstrate that its only subrecipient had complied with the requirements to maintain payroll documentation to support compliance with the Davis-Bacon Act.

Cause

The cause of the condition found is that while the Agency indicated that it had reviewed its subrecipients compliance with the provisions of the Davis-Bacon Act, it did not have procedures in place to document its monitoring activities for this particular grant.

Effect

The effect of the condition found is that the Agency was unable to provide evidence to support that it had procedures to detect possible noncompliance by its subrecipients administering federally funded projects related to the requirements of the Davis-Bacon Act in a timely manner.

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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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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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Finding 11-19

U.S. Department of Health and Human Services

Program Name and CFDA Number

Medicaid Cluster:

- Medical Assistance Program (CDFS #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 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 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 BISHCA 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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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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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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