

STATE OF VERMONT
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2023



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**STATE OF VERMONT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	26



INDEPENDENT AUDITORS’ 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

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

We have audited, in accordance with the 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, 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, 2023, and the related notes to the financial statements, which collectively comprise the State’s basic financial statements, and have issued our report thereon dated January 26, 2024. Our report includes a reference to other auditors who audited the financial statements of certain funds and component units of the State, which represent the indicated percentages of total assets and total revenues as described in our report on the State’s financial statements and as presented in the table below. Additionally, 100% of the information disclosed in Note V-E was also audited by other auditors. 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 other auditors.

Opinion Unit	Entity	Percent of Opinion Unit’s Total	
		Assets	Revenues / Additions
Governmental Activities	Universal Service Fund; Special Environmental Revolving Fund	0.05%	0.06%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	12.82%	54.48%
Special Fund	Universal Service Fund	0.66%	1.22%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.48%	3.67%
Aggregate Discretely Presented Component Units	University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Veterans' Home	75.29%	93.16%

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control.

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

A *deficiency in internal control* 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 a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from 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 financial statements. 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*.

State of Vermont's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 26, 2024



INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Speaker of the House of Representatives,
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Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Vermont’s (the State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State’s major federal programs for the year ended June 30, 2023. The State’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

The State’s basic financial statements include the operations of the Vermont Student Assistance Corporation, University of Vermont and State Agricultural College, Vermont State Colleges, Vermont Veterans’ Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, Vermont Housing Finance Agency, and Vermont Housing and Conservation Board, which received federal awards, and which are not included in the State’s schedule of expenditures of federal awards for the year ended June 30, 2023. Our audit, described below, did not include the operations of the Vermont Student Assistance Corporation, University of Vermont and State Agricultural College, Vermont State Colleges, Vermont Veterans’ Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, , Vermont Housing Finance Agency and Vermont Housing and Conservation Board because other auditors were engaged to perform audits in accordance with the Uniform Guidance.

Summary of Opinions

Major Federal Program/Cluster	Assistance Listing	Type of Opinion
Unemployment Insurance	17.225	Qualified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Qualified
Education Stabilization Fund	84.425	Qualified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Qualified

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 President Pro-Tempore of the Senate
 and the Governor of the State of Vermont

Major Federal Program/Cluster	Assistance Listing	Type of Opinion
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Unmodified
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Fish and Wildlife Cluster	15.605, 15.611	Unmodified
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Unmodified
Emergency Rental Assistance	21.023	Unmodified
Homeowner Assistance Fund	21.026	Unmodified
CWSRF Cluster	66.458	Unmodified
Supporting Effective Instruction State Grants	84.367	Unmodified
Special Education Cluster	84.027, 84.173	Unmodified
Low-Income Home Energy Assistance	93.568	Unmodified
Adoption Assistance	93.659	Unmodified
Children's Health Insurance Program	93.767	Unmodified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Unmodified
Disability Insurance/SSI Cluster	96.001	Unmodified

Qualified Opinions on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the programs for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

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 and the Governor of the State of Vermont

major federal program. Our audit does not provide a legal determination of the State’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Program	Assistance Listing	Noncompliance	Finding Number
Unemployment Insurance	17.225	Reporting	2023-005
Unemployment Insurance	17.225	Special Tests and Provisions – IRS FUTA Match	2023-006
Coronavirus State and Local Fiscal Recovery Funds	21.027	Reporting	2023-009
Education Stabilization Fund	84.425	Reporting – FFATA	2023-018
Education Stabilization Fund	84.425	Special Tests and Provisions - Participation of Private School Children	2023-019
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Reporting – FFATA	2023-024
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests and Provisions – ADP Risk Analysis and System Security Review	2023-029
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Reporting – FFATA	2023-034

Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State’s federal programs.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from

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

fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003, 2023-004, 2023-008, 2023-010, 2023-011, 2023-012, 2023-014, 2023-016, 2023-017, 2023-020, 2023-021, 2023-022, 2023-023, 2023-025, 2023-026, 2023-027, 2023-028, 2023-030, 2023-031, 2023-032, 2023-033. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

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 weakness in 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 2023-005, 2023-006, 2023-009, 2023-018, 2023-019, 2023-024, 2023-029, 2023-034 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 accompanying schedule of findings and questioned costs as items 2023-003, 2023-004, 2023-007, 2023-008, 2023-010, 2023-011, 2023-012, 2023-013, 2023-014, 2023-015, 2023-016, 2023-017, 2023-020, 2023-021, 2023-022, 2023-023, 2023-025, 2023-026, 2023-027, 2023-028, 2023-030, 2023-031, 2023-032, 2023-033 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

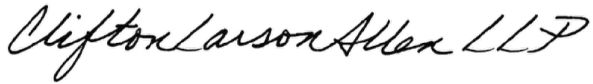
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We have issued our report thereon dated January 26, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

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

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
March 18, 2024

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		\$ 337,225	\$ 40,152
COVID-19 - Wildlife Services	10.028		25,000	-
Conservation Reserve Program	10.069		54,138	-
Market News	10.153		31,770	-
Federal-State Marketing Improvement Program	10.156		30,554	18,000
Market Protection and Promotion	10.163		3,358	-
Specialty Crop Block Grant Program - Farm Bill	10.170		397,639	261,118
Organic Certification Cost Share Programs	10.171		383,681	-
Acer Access Development Program	10.174		87,776	-
Dairy Business Innovation Initiatives	10.176		4,965,372	3,704,568
Food Bank Network	10.182		210,062	203,859
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		911,297	-
Meat, Poultry, and Egg Products Inspection	10.477		732,332	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		167,543	38,498
Passed Through Chittenden County Regional Planning Commission		2020-70028-32729	184,181	-
Total 10.525 - Farm and Ranch Stress Assistance Network Competitive Grants Program			351,724	38,498
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537		4,321	-
Child Nutrition-Technology Innovation Grant	10.541		87,973	-
COVID-19 - Pandemic EBT Food Benefits	10.542		21,652,484	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		11,287,524	-
Child and Adult Care Food Program	10.558		5,106,332	4,988,330
State Administrative Expenses for Child Nutrition	10.560		784,420	750
WIC Farmers' Market Nutrition Program (FMNP)	10.572		53,822	-
Farm to School Grant Program	10.575		10,400	-
Senior Farmers Market Nutrition Program	10.576		83,086	52,671
Child Nutrition Discretionary Grants Limited Availability	10.579		79,619	79,619
Child Nutrition Direct Certification Performance Awards	10.589		6,360	6,360
COVID-19 - Pandemic EBT Administrative Costs	10.649		502,712	51,165
Cooperative Forestry Assistance	10.664		1,442,530	730,327
Wood Utilization Assistance	10.674		24,513	16,500
Forest Legacy Program	10.676		310,062	-
Forest Health Protection	10.680		4,415	-
Good Neighbor Authority	10.691		5,359	-
Environmental Quality Incentives Program	10.912		308,895	-
Regional Conservation Partnership Program	10.932		1,389,353	718,986
<i>Contract/Other</i>				
USDA WIC Telehealth Intervention and Evaluation Center	10.999			
Passed Through The Trustees of Tufts College		OPS-WIC Telehealth- FY19-Tufts-MA AG9028	281,005	-
Total Contract/Other			281,005	-
<i>SNAP Cluster</i>				
COVID-19 - Supplemental Nutrition Assistance Program	10.551		58,928,159	-
Supplemental Nutrition Assistance Program			153,984,764	-
Total 10.551 - Supplemental Nutrition Assistance Program			212,912,923	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture (continued)				
<i>SNAP Cluster (continued)</i>				
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 555,073	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			12,259,821	1,851,403
Total 10.551 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			12,814,894	1,851,403
<i>Total SNAP Cluster</i>			225,727,817	1,851,403
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553		6,964,831	6,964,831
National School Lunch Program	10.555		29,410,249	25,850,453
Special Milk Program for Children	10.556		14,914	14,914
Summer Food Service Program for Children	10.559		3,313,038	2,849,375
Fresh Fruit and Vegetable Program	10.582		1,410,287	1,287,232
<i>Total Child Nutrition Cluster</i>			41,113,319	36,966,805
<i>Food Distribution Cluster</i>				
Commodity Supplemental Food Program	10.565		868,461	193,697
Emergency Food Assistance Program (Administrative Costs)	10.568		415,871	415,871
Emergency Food Assistance Program (Food Commodities)	10.569		2,311,011	-
<i>Total Food Distribution Cluster</i>			3,595,343	609,568
<i>Forest Service Schools and Roads Cluster</i>				
Schools and Roads - Grants to States	10.665		277,154	277,154
<i>Total Forest Service Schools and Roads Cluster</i>			277,154	277,154
Total U.S. Department of Agriculture			322,660,746	50,615,833
U.S. Department of Commerce				
State Digital Equity Planning Grants	11.032		48,738	-
Broadband Equity, Access, and Deployment Program	11.035		301,074	-
Economic Development Support for Planning Organizations	11.302		10,797	-
Economic Adjustment Assistance	11.307		823,576	-
Total U.S. Department of Commerce			1,184,185	-
U.S. Department of Defense				
Procurement Technical Assistance For Business Firms	12.002		581,525	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		3,070	-
STARBASE Program	12.020		503,136	-
Military Construction, National Guard	12.400		3,050,871	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401		32,176,430	-
National Guard ChalleNGe Program	12.404		335,109	-
Economic Adjustment Assistance for State Governments	12.617		162,289	47,307
Total U.S. Department of Defense			36,812,430	47,307
U.S. Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		9,938,939	9,316,427
COVID-19 - Emergency Solutions Grant Program	14.231		456,071	357,558
Emergency Solutions Grant Program			606,202	554,469
Total 14.231 - Emergency Solutions Grant Program			1,062,273	912,027

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development (continued)				
Home Investment Partnerships Program	14.239		\$ 358,251	\$ 307,808
Continuum of Care Program	14.267		552,333	518,347
Office of Fair Housing-Assistance Grant	14.999	None	78,082	-
Total Department of Housing and Urban Development			11,989,878	11,054,609
U.S. Department of Interior				
Fish and Wildlife Management Assistance	15.608		86,576	18,738
Cooperative Endangered Species Conservation Fund	15.615		29,525	-
Clean Vessel Act	15.616		43,087	35,257
Sportfishing and Boating Safety Act	15.622		115	-
Partners for Fish and Wildlife	15.631		22,153	-
State Wildlife Grants	15.634		519,423	54,981
Endangered Species Recovery Implementation	15.657		64,951	12,000
National Wetlands Inventory	15.665		22,844	-
U.S. Geological Survey Research and Data Collection	15.808		704	-
National Cooperative Geologic Mapping	15.810		84,226	50,971
National Geological and Geophysical Data Preservation	15.814		8,019	-
Historic Preservation Fund Grants-In-Aid	15.904		492,761	83,077
Outdoor Recreation Acquisition, Development and Planning	15.916		265,842	219,459
American Battlefield Protection	15.926		1,547	-
Water Use and Data Research	15.981		4,918	-
<i>Fish and Wildlife Cluster</i>				
Sport Fish Restoration	15.605		3,829,845	-
Wildlife Restoration and Basic Hunter Education	15.611		4,699,496	96,777
<i>Total Fish and Wildlife Cluster</i>			8,529,341	96,777
Total U.S. Department of Interior			10,176,032	571,260
U.S. Department of Justice				
Sexual Assault Services Formula Program	16.017		447,801	421,453
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		600,293	-
Services for Trafficking Victims	16.320		64,120	-
Juvenile Justice and Delinquency Prevention	16.540		304,091	115,347
Missing Children's Assistance	16.543		473,658	17,348
State Justice Statistics Program for Statistical Analysis Centers	16.550		225,000	-
National Criminal History Improvement Program (NCHIP)	16.554		231,764	-
Crime Victim Assistance	16.575		3,238,456	3,067,235
Crime Victim Compensation	16.576		109,127	-
Crime Victim Assistance/Discretionary Grants	16.582		321,332	94,635
Treatment Court Discretionary Grant Program	16.585		572,670	-
Violence Against Women Formula Grants	16.588		877,472	777,790
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		280,978	280,978
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		139,891	-
Residential Substance Abuse Treatment for State Prisoners	16.593		143,840	-
Public Safety Partnership and Community Policing Grants	16.710		579,610	-
Passed through Lamoille County Sheriff's Office		2020-MHWXK040	5,515	-
Total 16.710 - Public Safety Partnership and Community Policing Grants			585,125	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (continued)				
Juvenile Mentoring Program	16.726		\$ 254,614	\$ 254,614
Edward Byrne Memorial Justice Assistance Grant Program	16.738		329,634	77,935
DNA Backlog Reduction Program	16.741		356,770	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		160,151	-
Harold Rogers Prescription Drug Monitoring Program	16.754		91,621	-
Second Chance Act Reentry Initiative	16.812		101,460	-
Justice Reinvestment Initiative	16.827		447,035	437,157
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		157,556	-
STOP School Violence	16.839		43,718	-
Equitable Sharing Program	16.922		176,236	-
<i>Contract/Other</i>	16.999			
Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)		None	107,131	-
FBI-VTOC/Cyber/Intelligence		None	18,351	-
US Marshall's District Fugitive Task Force		None	1,667	-
<i>Total Contract/Other</i>			127,149	-
Total U.S. Department of Justice			10,861,562	5,544,492
U.S. Department of Labor				
Labor Force Statistics	17.002		836,313	-
Compensation and Working Conditions	17.005		45,313	-
COVID-19 - Unemployment Insurance	17.225		2,215,075	-
Unemployment Insurance			60,947,069	-
Total 17.225 - Unemployment Insurance			63,162,144	-
Senior Community Service Employment Program	17.235		299,463	199,998
Trade Adjustment Assistance	17.245		131,143	-
Work Opportunity Tax Credit Program (WOTC)	17.271		93,221	-
Temporary Labor Certification for Foreign Workers	17.273		200,656	4,818
Apprenticeship USA Grants	17.285		530,578	43,796
Occupational Safety and Health State Program	17.503		865,460	52,218
Consultation Agreements	17.504		666,805	-
Mine Health and Safety Grants	17.600		109,098	105,100
Disability Employment Policy Development	17.720		4,844,489	736,541
<i>Employment Service Cluster</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207		1,679,527	-
Jobs for Veterans State Grants	17.801		437,424	-
<i>Total Employment Service Cluster</i>			2,116,951	-
<i>WIOA Cluster</i>				
WIOA Adult Program	17.258		3,159,129	-
WIOA Youth Activities	17.259		1,881,136	-
WIOA Dislocated Worker Formula Grants	17.278		681,877	-
<i>Total WIOA Cluster</i>			5,722,142	-
Total U.S. Department of Labor			79,623,776	1,142,471
U.S. Department of Transportation				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		2,034,581	-
Highway Research and Development Program	20.200		174,976	2,804
Highway Planning and Construction	20.205		347,684,699	29,071,661
Highway Training and Education	20.215		147,958	-
Recreational Trails Program	20.219		628,908	450,681

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (continued)				
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		\$ 31,585	\$ -
Railroad Development	20.314		800,707	-
Consolidated Rail Infrastructure and Safety Improvements	20.325		8,098	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		216,660	216,660
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		121,900	-
Formula Grants for Rural Areas and Tribal Transit Program			27,122,737	24,692,396
Total 20.509 - Formula Grants for Rural Areas and Tribal Transit Program			27,244,637	24,692,396
Public Transportation Research, Technical Assistance, and Training	20.514		16,306	16,126
Public Transportation Innovation	20.530		210,000	202,520
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		488,731	384,462
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		17,160	-
Pipeline Safety Program State Base Grant	20.700		193,337	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		141,110	-
PHMSA Pipeline Safety Program One Call Grant	20.721		17,504	-
National Infrastructure Investments	20.933		5,823,017	416,379
<i>Federal Motor Carrier Safety Assistance Cluster</i>				
Motor Carrier Safety Assistance	20.218		1,609,221	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		342,345	-
Total Federal Motor Carrier Safety Assistance Cluster			1,951,566	-
<i>Federal Transit Cluster</i>				
Federal Transit Capital Investment Grants	20.500		27,799	27,799
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		8,303,363	8,303,363
Total Federal Transit Cluster			8,331,162	8,331,162
<i>Transit Services Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		180,104	180,104
Total Transit Services Programs Cluster			180,104	180,104
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600		1,944,239	922,576
Incentive Grant Program to Prohibit Racial Profiling	20.611		184,119	108,826
National Priority Safety Programs	20.616		3,067,391	807,180
Total Highway Safety Cluster			5,195,749	1,838,582
Total U.S. Department of Transportation			401,538,555	65,803,537
U.S. Department of Treasury				
Equitable Sharing	21.016		143,258	-
COVID-19 - Coronavirus Relief Fund	21.019		767,186	-
COVID-19 - Emergency Rental Assistance Program	21.023		132,992,498	31,281,406
COVID-19 - Homeowner Assistance Fund	21.026		25,480,555	25,425,627
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		202,746,808	137,534,869
Total U.S. Department of Treasury			362,130,305	194,241,902

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Federal Financial Institutions Examination Council Appraisal Subcommittee				
State Appraiser Agency Support Grants	38.006		\$ 16,120	\$ -
Total Federal Financial Institutions Examination Council Appraisal Subcommittee			16,120	-
U.S. General Services Administration				
Donation of Federal Surplus Personal Property	39.003		669,235	-
Total U.S. General Services Administration			669,235	-
U.S. Institute of Museum and Library Service				
COVID-19 - Grants to States	45.310		236,345	-
Grants to States			1,035,943	85,643
Total 45.310 - Grants to States			1,272,288	85,643
Total U.S. Institute of Museum and Library Service			1,272,288	85,643
U.S. Small Business Administration				
State Trade Expansion	59.061		305,270	237,433
Total U.S. Small Business Administration			305,270	237,433
U.S. Department of Veterans Affairs				
Post-9/11 Veterans Educational Assistance	64.028		104,744	-
Total U.S. Department of Veterans Affairs			104,744	-
U.S. Environmental Protection Agency				
State Indoor Radon Grants	66.032		178,103	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		337,528	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040		257,577	-
Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program	66.042		50,188	-
Multipurpose Grants to States and Tribes	66.204		13,223	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442		1,617	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444		117,000	-
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447		496	-
Water Quality Management Planning	66.454		129,062	52,000
Regional Wetland Program Development Grants	66.461		232,823	-
Lake Champlain Basin Program	66.481		2,989,155	608,389
Performance Partnership Grants	66.605		4,947,649	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		34,296	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		276,536	-
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		31,750	-
Pollution Prevention Grants Program	66.708		31,222	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		125,295	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804		225,259	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		522,250	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		103,521	-
State and Tribal Response Program Grants	66.817		685,597	20,000
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		774	-
<i>Clean Water State Revolving Fund Cluster</i>				
Clean Water State Revolving Fund	66.458		8,043,731	7,442,087
Total Clean Water State Revolving Fund Cluster			8,043,731	7,442,087

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Environmental Protection Agency (continued)				
<i>Drinking Water State Revolving Fund Cluster</i>				
Drinking Water State Revolving Fund	66.468		\$ 13,437,380	\$ 10,188,619
Total Drinking Water State Revolving Fund Cluster			13,437,380	10,188,619
Total U.S. Environmental Protection Agency			32,772,032	18,311,095
U.S. Department of Energy				
State Energy Program	81.041		381,560	58,408
COVID-19 - Weatherization Assistance for Low-Income Persons	81.042		1,612	-
Weatherization Assistance for Low-Income Persons			1,941,819	1,787,606
Total 81.042 - Weatherization Assistance for Low-Income Persons			1,943,431	1,787,606
State Heating Oil and Propane Program	81.138		7,882	-
Total U.S. Department of Energy			2,332,873	1,846,014
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		1,037,646	872,371
Title I Grants to Local Educational Agencies	84.010		38,921,119	38,024,867
Migrant Education State Grant Program	84.011		888,997	747,264
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		1,566	1,246
Career and Technical Education -- Basic Grants to States	84.048		5,331,567	4,874,325
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		18,991,699	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		225,000	225,000
COVID-19 - Special Education-Grants for Infants and Families	84.181		143,980	-
Special Education-Grants for Infants and Families			2,417,386	-
Total 84.181 - Special Education-Grants for Infants and Families			2,561,366	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		324,351	-
Education for Homeless Children and Youth	84.196		176,496	120,079
Twenty-First Century Community Learning Centers	84.287		5,492,539	5,132,202
Special Education - State Personnel Development	84.323		81,996	-
Rural Education	84.358		2,910	-
English Language Acquisition State Grants	84.365		320,688	215,995
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		10,678,662	10,163,907
Grants for State Assessments and Related Activities	84.369		4,097,765	-
Disability Innovation Fund (DIF)	84.421		1,351,694	-
Student Support and Academic Enrichment Program	84.424		5,691,169	5,274,778
<i>Education Stabilization Fund</i>				
COVID-10 - Governor's Emergency Education Relief (GEER) Fund	84.425C		1,398,706	946,625
COVID-10 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		54,539,753	53,015,666
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) program	84.425R		270,376	-
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		58,619,904	56,924,859
COVID-19 - American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) Program	84.425V		817,894	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief -Homeless Children and Youth	84.425W		457,475	430,814
Total 84.425 - Education Stabilization Fund			116,104,108	111,317,964

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued)				
<i>Special Education Cluster (IDEA)</i>				
COVID-19 - Special Education Grants to States	84.027		\$ 2,692,649	\$ 2,692,649
Special Education Grants to States			35,063,241	30,499,651
Total 84.027 - Special Education Grants to States			37,755,890	33,192,300
COVID-19 - Special Education Preschool Grants	84.173		125,025	125,025
Special Education Preschool Grants			916,173	690,141
Total 84.173 - Special Education Preschool Grants			1,041,198	815,166
<i>Total Special Education Cluster (IDEA)</i>			38,797,088	34,007,466
Total U.S. Department of Education			251,078,426	210,977,464
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003		32,670	-
Total National Archives and Records Administration			32,670	-
U.S. Election Assistance Commission:				
Help America Vote Act Requirements Payments	90.401		2,514,481	-
2018 HAVA Election Security Grants	90.404		87,895	-
Total U.S. Election Assistance Commission			2,602,376	-
U.S. Northern Border Regional Commission				
Northern Border Regional Development	90.601		721,687	143,092
Passed Through Chittenden County Regional Planning Commission		ED20PHI3020087	399,076	276,421
Total 90.601 - Northern Border Regional Development			1,120,763	419,513
Total U.S. Northern Border Regional Commission			1,120,763	419,513
U.S. Department of Health and Human Services				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		23,764	23,764
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		128,166	128,166
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			188,388	188,388
Total 93.042 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			316,554	316,554
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		110,844	110,844
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			97,593	97,593
Total 93.043 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			208,437	208,437
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		199,298	197,839
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		332,915	332,915
National Family Caregiver Support, Title III, Part E			1,079,578	573,424
Total 93.052 - National Family Caregiver Support, Title III, Part E			1,412,493	906,339
Public Health Emergency Preparedness	93.069		5,358,303	32,342
Environmental Public Health and Emergency Response	93.070		2,105,017	164,093
Medicare Enrollment Assistance Program	93.071		145,391	145,391
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		185,644	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
Guardianship Assistance	93.090		\$ 208,455	\$ -
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		132,211	33,934
Food and Drug Administration Research	93.103		767,854	79,474
Passed Through National Environmental Health Association		G-OACB-202110-01219	92,501	-
Total 93.103 Food and Drug Administration Research		G-BM&A-202110-01217	<u>860,355</u>	<u>79,474</u>
COVID-19 - Maternal and Child Health Federal Consolidated Programs	93.110		487,132	435,203
Maternal and Child Health Federal Consolidated Programs			<u>1,079,440</u>	<u>588,365</u>
Total 93.268 - Immunization Cooperative Agreements			<u>2,426,927</u>	<u>1,103,042</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		163,839	-
Emergency Medical Services for Children	93.127		126,783	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		203,749	28,352
Injury Prevention and Control Research and State and Community Based Programs	93.136		5,387,009	2,164,005
Projects for Assistance in Transition from Homelessness (PATH)	93.150		271,342	271,342
COVID-19 - Rural Health Research Centers	93.155		1,249,191	1,249,191
Grants to States for Loan Repayment	93.165		72,500	72,500
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		319,808	-
Family Planning Services	93.217		813,608	760,000
State Rural Hospital Flexibility Program	93.241		470,646	312,856
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		4,519,638	2,828,966
Early Hearing Detection and Intervention	93.251		326,653	326,190
COVID-19 - Occupational Safety and Health Program	93.262			
Passed Through Association of State and Territorial Health Officials		00-FE-3300-01-00	35,000	-
COVID-19 - Immunization Cooperative Agreements	93.268		6,639,328	1,470,315
Immunization Cooperative Agreements			8,944,670	6,487
Total 93.268 - Immunization Cooperative Agreements			<u>15,583,998</u>	<u>1,476,802</u>
Viral Hepatitis Prevention and Control	93.270		211,752	-
Small Rural Hospital Improvement Grant Program	93.301		75,593	75,312
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		175,448	82,836
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		13,462,744	436,267
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			3,620,542	-
Total 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			<u>17,083,286</u>	<u>436,267</u>
State Health Insurance Assistance Program	93.324		216,259	213,840
	93.334		335,280	-
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels				
COVID-19 - Behavioral Risk Factor Surveillance System	93.336		11,479	-
Behavioral Risk Factor Surveillance System			462,481	-
Total 93.336 - Behavioral Risk Factor Surveillance System			<u>473,960</u>	<u>-</u>

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**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		\$ 2,050,905	\$ 316,540
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			3,100	-
Total 93.354 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			2,054,005	316,540
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		546,055	15,000
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		300,770	-
ACL Independent Living State Grants	93.369		348,073	186,431
National and State Tobacco Control Program	93.387		1,234,144	205,105
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		10,472,523	7,081,396
The State Flexibility to Stabilize the Market Grant Program	93.413		184,249	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421			
Passed Through Council of State & Territorial Epidemiologists		March 28, 2022 CSTE State Agreement Letter	20,000	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		2,231,621	643,665
Every Student Succeeds Act/Preschool Development Grants	93.434		5,683	-
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		583,212	45,819
COVID-19 - ACL Assistive Technology	93.464		7,815	-
ACL Assistive Technology			476,223	-
Total 93.464 - ACL Assistive Technology			591,027	45,819
COVID-19 - State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525		229,968	45,839
COVID-19 - MaryLee Allen Promoting Safe and Stable Families Program	93.556		93,575	-
MaryLee Allen Promoting Safe and Stable Families Program			511,126	407,249
Total 93.556 - MaryLee Allen Promoting Safe and Stable Families Program			604,701	407,249
Temporary Assistance for Needy Families	93.558		33,253,151	-
Child Support Enforcement	93.563		9,924,161	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		2,130,689	1,451,045
COVID-19 - Low-Income Home Energy Assistance	93.568		5,897,857	767,243
Low-Income Home Energy Assistance			25,608,205	5,085,566
Total 93.568 - Low-Income Home Energy Assistance			31,506,062	5,852,809
COVID-19 - Community Services Block Grant	93.569		1,464,888	1,422,818
Community Services Block Grant			4,171,584	3,945,024
Total 93.569 - Community Services Block Grant			5,636,472	5,367,842
COVID-19 - State Court Improvement Program	93.586		51,465	-
State Court Improvement Program			247,766	-
Total 93.586 - State Court Improvement Program			299,231	-
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590		13,797	6,726
Community-Based Child Abuse Prevention Grants			453,563	452,083
Total 93.590 - Community-Based Child Abuse Prevention Grants			467,360	458,809
Grants to States for Access and Visitation Programs	93.597		97,940	96,340
Chafee Education and Training Vouchers Program (ETV)	93.599		55,883	55,883

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
Adoption and Legal Guardianship Incentive Payments	93.603		\$ 120,485	\$ 53,800
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630		7,735	-
Developmental Disabilities Basic Support and Advocacy Grants			629,745	98,161
Total 93.630 - Developmental Disabilities Basic Support and Advocacy Grants			<u>637,480</u>	<u>98,161</u>
COVID-19 - Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639		593,060	-
Children's Justice Grants to States	93.643		84,223	70,050
Stephanie Tubbs Jones Child Welfare Services Program	93.645		647,046	-
Foster Care Title IV-E	93.658		11,614,747	21,022
Adoption Assistance	93.659		13,298,255	98,278
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		1,734,360	1,697,380
Social Services Block Grant	93.667		8,050,168	1,011,322
COVID-19 - Child Abuse and Neglect State Grants	93.669		154,621	-
Child Abuse and Neglect State Grants			245,762	100,000
Total 93.669 - Child Abuse and Neglect State Grants			<u>400,383</u>	<u>100,000</u>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		1,181,780	1,106,192
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		233,065	233,065
John H. Chafee Foster Care Program for Successful Transition to Adulthood			242,776	242,776
Total 93.674 - John H. Chafee Foster Care Program for Successful Transition to Adulthood			<u>475,841</u>	<u>475,841</u>
COVID-19 - Elder Abuse Prevention Interventions Program	93.747		782,274	-
Elder Abuse Prevention Interventions Program			326,279	-
Total 93.747 - Elder Abuse Prevention Interventions Program			<u>1,108,553</u>	<u>-</u>
Children's Health Insurance Program	93.767		12,311,182	-
Opioid STR	93.788		4,132,713	2,834,915
Money Follows the Person Rebalancing Demonstration	93.791		3,295,460	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		1,011,811	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800		355,797	107,076
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870		128,222	124,855
Maternal, Infant and Early Childhood Home Visiting Grant			1,550,140	1,491,985
Total 93.870 - Maternal, Infant and Early Childhood Home Visiting Grant			<u>1,678,362</u>	<u>1,616,840</u>
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889		20,001	-
National Bioterrorism Hospital Preparedness Program			1,086,242	-
Total 93.889 - National Bioterrorism Hospital Preparedness Program			<u>1,106,243</u>	<u>-</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		1,823,224	286,181
Grants to States for Operation of State Offices of Rural Health	93.913		253,537	68,255
HIV Care Formula Grants	93.917		1,597,874	337,339
HIV Prevention Activities Health Department Based	93.940		1,198,552	729,230
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		167,526	10,270

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Assistance Listing</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Health and Human Services (continued)				
COVID-19 - Block Grants for Community Mental Health Services	93.958		\$ 1,057,352	\$ 1,000,186
Block Grants for Community Mental Health Services			1,444,511	1,339,419
Total 93.958 - Block Grants for Community Mental Health Services			2,501,863	2,339,605
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		4,660,767	3,377,447
Block Grants for Prevention and Treatment of Substance Abuse			6,783,830	4,029,864
Total 93.959 - Block Grants for Prevention and Treatment of Substance Abuse			11,444,597	7,407,311
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		1,062,443	79,625
Sexually Transmitted Diseases (STD) Prevention and Control Grants			334,556	64,326
Total 93.977 - Sexually Transmitted Diseases (STD) Prevention and Control Grants			1,396,999	143,951
Preventive Health and Health Services Block Grant	93.991		476,573	39,445
Maternal and Child Health Services Block Grant to the States	93.994		1,980,680	715,846
<i>Aging Cluster</i>				
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		1,284,523	1,228,360
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			1,845,378	1,845,378
Total 93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			3,129,901	3,073,738
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		1,748,111	1,748,111
Special Programs for the Aging, Title III, Part C, Nutrition Services			3,702,623	3,702,623
Total 93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services			5,450,734	5,450,734
Nutrition Services Incentive Program	93.053		775,061	775,061
Total Aging Cluster			9,355,696	9,299,533
<i>CCDF Cluster</i>				
COVID-19 - Child Care and Development Block Grant	93.575		18,650,559	3,635,738
Child Care and Development Block Grant			17,538,107	3,197,197
Total 93.575 - Child Care and Development Block Grant			36,188,666	6,832,935
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,631,575	-
Total CCDF Cluster			42,820,241	6,832,935
<i>Head Start Cluster</i>				
Head Start	93.600		119,371	-
Total Head Start Cluster			119,371	-
<i>Medicaid Cluster</i>				
State Medicaid Fraud Control Units	93.775		891,634	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		1,861,516	-
Medical Assistance Program	93.778		1,436,786,947	34,509,466
Total Medicaid Cluster			1,438,949,117	34,509,466

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
<i>Contract/Other</i>				
SAMHSA Transformation Transfer Initiative - Year 4 - Vermont	93.999	SC-3011.4-VT-01	\$ 185	\$ -
SAMHSA Transformation Transfer Initiative - Year 3 - Vermont		SC-3011.3-VT-01	386	-
SAMHSA Transformation Transfer Initiative - Year 2 - Vermont		SC-3011.2-VT-01	15,287	-
SAMHSA Behavioral Health Services Information System Mental Health State Agreements		June 30, 2021 Hendall Inc. State Agreement	137,363	-
<i>Total Contract/Other</i>			<u>153,221</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,742,175,827</u>	<u>107,670,210</u>
U.S. Corporation for National Community Service:				
AmeriCorps State Commissions Support Grant	94.003		255,925	-
AmeriCorps State and National 94.006	94.006		2,286,381	2,286,381
Training and Technical Assistance	94.009		328,610	-
AmeriCorps Volunteers In Service to America 94.013	94.013		65,679	-
Total U.S. Corporation for National Community Service			<u>2,936,595</u>	<u>2,286,381</u>
U.S. Social Security Administration				
<i>Disability Insurance/SSI Cluster</i>				
Social Security Disability Insurance	96.001		7,420,229	-
<i>Total Disability Insurance/SSI Cluster</i>			<u>7,420,229</u>	<u>-</u>
<i>Contract/Other</i>				
SSA Northern New England Work Incentives Planning and Assistance Program	96.999			
Passed Through Maine Medical Center		November 15, 2021 Collaborative Agreement	41,188	-
Total U.S. Social Security Administration			<u>7,461,417</u>	<u>-</u>
U.S. Department of Homeland Security:				
Non-Profit Security Program	97.008		86,463	86,463
Boating Safety Financial Assistance	97.012		935,373	28,104
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		293,186	50,990
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		136,231,471	29,554,378
Hazard Mitigation Grant	97.039		1,955,327	1,918,634
National Dam Safety Program	97.041		186,726	-
Emergency Management Performance Grants	97.042		4,190,115	606,211
State Fire Training Systems Grants	97.043		17,728	-
Assistance to Firefighters Grant	97.044		115,889	-
BRIC: Building Resilient Infrastructure and Communities	97.047		1,547,662	1,422,705
Homeland Security Grant Program	97.067		5,141,921	1,940,974
Law Enforcement Officer Reimbursement Agreement Program	97.090		74,362	-
Total U.S. Department of Homeland Security			<u>150,776,223</u>	<u>35,608,459</u>
Total Expenditures of Federal Awards			<u>\$ 3,432,634,328</u>	<u>\$ 706,463,623</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the State of Vermont (the State) applied in the presentation of the schedule of expenditures of federal awards (the Schedule or SEFA) are set forth below:

Single Audit Reporting Entity

For purposes of complying with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, 2023. The Schedule does 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, 2023. Each of these entities is subject to separate audits in compliance with audit requirements of the Uniform Guidance, if required.

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

Vermont Student Assistance Corporation	Vermont Municipal Bond Bank
University of Vermont and State Agricultural College	Vermont Educational and Health Buildings Financing Agency
Vermont State Colleges	Vermont Housing Finance Agency
Vermont Veterans' Home	Vermont Housing and Conservation Board
Vermont Economic Development Authority	

Basis of Presentation

The information in the accompanying Schedule is presented in accordance with the Uniform Guidance. Pursuant to the Uniform Guidance, federal financial assistance is 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 Schedule. Federal awards do not include direct federal cash payments to individuals.

Certain programs presented in the accompanying Schedule that have not been assigned an assistance listing number are reported by the respective federal agency followed by "999." Federal award programs include expenditures, passthroughs to nonstate agencies (i.e., payments to subrecipients), nonmonetary assistance, and loan programs.

STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule was prepared on the modified basis of accounting. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the State's basic financial statements. Such expenditures (except for Assistance Listing 21.019, which follows criteria established by the Department of Treasury for allowability of costs) are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the accompanying Schedule.

Indirect Cost Rate

Whereas the various agencies and departments of the State may negotiate individual cost recovery rates with their cognizant agencies, the State is precluded from, and does not utilize, the 10% de minimus cost rate under the conditions of 2 CFR 200.414(f).

NOTE 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.

NOTE 4 UNEMPLOYMENT INSURANCE (ASSISTANCE LISTING 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. The OMB Compliance Supplement requires that State Unemployment Insurance Funds, as well as federal funds, be included in the total expenditures of Assistance Listing 17.225. Unemployment insurance expenditures are classified as follows:

Federal	\$	8,353,306
Federal-COVID-19		2,215,075
State		<u>52,593,763</u>
Total	\$	<u><u>63,162,144</u></u>

The FY2022 Schedule included \$2,190,148 under Assistance Listing 17.225. During FY2023, these expenditures were reallocated and are reported on the Schedule under Assistance Listing 21.027.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 5 AIRPORT IMPROVEMENT PROGRAM (ASSISTANCE LISTING 20.106)

The State receives Federal Aviation Administration (FAA) funds from the U.S. Department of Transportation on behalf of the City of Burlington, Vermont (the City). The State excludes these funds from the Schedule because the State does not perform 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. These FAA funds are included on the City’s schedule of expenditures of federal awards.

NOTE 6 NONMONETARY FEDERAL FINANCIAL ASSISTANCE

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

Assistance Listing	Program Name	Amount
10.542	Pandemic EBT Food Benefits	\$ 21,652,484
10.551	Supplemental Nutrition Assistance Program	149,971,505
10.555	National School Lunch Program	3,559,796
10.559	Summer Food Service Program for Children	103,111
10.565	Commodity Supplemental Food Program	674,764
10.569	Emergency Food Assistance Program (Food Commodities)	2,311,011
39.003	Donation of Federal Surplus Personal Property	669,235
93.268	Immunization Cooperative Agreements	6,606,205
		<u>\$ 185,548,111</u>

NOTE 7 DISASTER GRANTS – PUBLIC ASSISTANCE (ASSISTANCE LISTING 97.036)

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2023, \$4,843,347 of approved eligible expenditures that were incurred in a prior year are included on the Schedule.

NOTE 8 REBATES FROM THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

During fiscal year 2023, the state received cash rebates from infant formula manufacturers in the amount of \$1,723,701 on sales of formula to participants in the WIC program (Assistance Listing 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 9 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)

Expenditures reported in the Schedule for the Child Care Development Fund (CCDF) Cluster include the following funding sources:

Funding Source	Amount
CCDBG	\$ 17,538,107
CCDF Mandatory and Matching	6,631,575
CCDF ARP Matching	-
CCDF Disaster Relief	-
CCDF CARES	4,130,282
CCDF CRRSA	14,520,277
CCDF ARP Supplemental	-
CCDF ARP Child Care Stabilization Funds	-
	\$ 42,820,241

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|-----------------------|----------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> no |
| 3. Noncompliance material to financial statements noted? | <u> </u> yes | <u> x </u> no |

Federal Awards

- | | | |
|---|--------------------------|---------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> x </u> yes | <u> </u> none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | See table below | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u> x </u> yes | <u> </u> no |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u> 10,297,903 </u> | |
| Auditee qualified as low-risk auditee? | <u> </u> yes | <u> x </u> no |

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Programs

Major Program	Assistance Listing	Opinion
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Unmodified
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Fish and Wildlife Cluster	15.605, 15.611	Unmodified
Unemployment Insurance	17.225	Qualified
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Unmodified
Emergency Rental Assistance	21.023	Unmodified
Homeowner Assistance Fund	21.026	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Qualified
CWSRF Cluster	66.458	Unmodified
Supporting Effective Instruction State Grants	84.367	Unmodified
Special Education Cluster	84.027, 84.173	Unmodified
Education Stabilization Fund	84.425	Qualified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
Low-Income Home Energy Assistance	93.568	Unmodified
Adoption Assistance	93.659	Unmodified
Children's Health Insurance Program	93.767	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Unmodified
Disability Insurance/SSI Cluster	96.001	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Qualified

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section II – Financial Statement Findings

Finding 2023-001 – Financial Close and Reporting –Department of Labor

Type of Finding

Material Weakness in Internal Control over Financial Reporting

Condition

We identified overstatements of unearned revenue and understatements of federal revenue of approximately \$7.7 million within VDOL's unadjusted trial balance.

We also identified that VDOL did not adopt and implement documented policies and procedures for month-end reconciliations of bank accounts in accordance with best practices prescribed by the Office of the State Treasurer.

Criteria or Specific Requirement

The Vermont Department of Labor (VDOL) is responsible for preparing the annual financial statements of the Unemployment Compensation Trust Fund in accordance with GAAP. The financial statements report the activity from the Fund's trial balance maintained by VDOL on a delegated accounting system separate from the statewide accounting system. The annual trial balances are adjusted by VDOL for accruals and reclassifications for presentation in accordance with accounting principles generally accepted in the United States of America (GAAP). The final GAAP financial statement is submitted to the Department of Finance and Management for inclusion in the statewide Annual Comprehensive Financial Report.

The Office of the State Treasurer requires that reconciliation procedures for each bank account are provided for review annually. In the absence of a policy, best practices require that the reconciliation should be available for review by the Financial Manager (or designee) within thirty (30) days of month-end.

Effect

The unadjusted trial balance of the Unemployment Compensation Trust Fund contained material misstatements of unearned revenue and federal revenues.

VDOL is not in compliance with the policies and procedures recommended by the State Treasurer's Office; which increases the risk of misstatements, fraud, or errors not being detected and corrected.

Cause

VDOL has not implemented the necessary internal controls to report the Unemployment Compensation Trust Fund in accordance with GAAP.

Reconciliations of VDOL's bank accounts were not performed in accordance with recommended policies established by the Office of the State Treasurer.

Repeat Finding

This finding is a repeat of a finding in the immediately prior year. The prior year finding number was 2022-002.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

Recommendation

We recommend that policies and procedures over the year-end reconciliation and review of financial statement balances be strengthened to help ensure the balances are reported accurately and are adequately supported by source records.

We recommend that policies and procedures be implemented to ensure bank account reconciliations are performed in accordance with established policies and procedures. We also recommend sufficient documentation be maintained to support the performance of the reconciliations in accordance with said policies and procedures.

Views of Responsible Officials and Planned Corrective Action

The Department acknowledges and accepts this finding.

In March 2022, the Department lost both the unemployment insurance finance manager and the senior finance administrator within the cashier's unit of the Unemployment Insurance Division. In May of 2023 we lost our only remaining cashier's office full time staff member. In previous years, the Department relied on the expertise of our cashier's office staff and because of this shortfall we were not able to do this.

We have recently hired into both of the cashier's office full time staff positions.

The Department will review its procedures and internal controls and update as necessary to ensure that GAAP and best practice is utilized. We are in the process of evaluating our workflow and signing authority and review deadlines. In the process of finding staff replacements, we have conducted a tremendous amount of evaluation of our assigned duties, processes, workflow, training, and documentation. Not only in this role, but we are also undergoing a division and business unit wide analysis of our internal controls and workflow. We will be continuing these efforts.

The Department is also exploring options to determine whether additional staff can be cross trained on UI cashier's office duties as well as preparation of UI financial reporting to ensure the Department has the needed support moving forward so a loss of critical staff does not create a significant knowledge gap.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

Finding 2023-002 – Schedule of Expenditures of Federal Awards –Department of Finance and Management

Type of Finding

Material Weakness in Internal Control over Financial Reporting

Condition

Adjustments to several departmental Forms ACFR-9 were detected because of our audit procedures over federal expenditures. The adjustments resulted in material changes to federal expenditures and amounts passed through to subrecipients reported on the Statewide Schedule of Expenditures of Federal Awards (SEFA).

It was also noted several departments did not submit the Form ACFR-9 and supporting general ledger detail by the August 31, 2023 deadline.

Criteria or Specific Requirement

Annually, all State departments expending federal awards are required to submit a Form ACFR-9 to the Department of Finance and Management. The instructions for submitting the Form ACFR-9 include procedures to reconcile the departments' record of federal expenditures in VISION to those published by the Department of Finance and Management in the annual VISION Reconciliation Expenditure Report. The Forms ACFR-9 were due to the Department of Finance and Management on August 31, 2023 for the year ended June 30, 2023.

Effect

Expenditures reported on the State's initial draft of the SEFA were overstated by approximately \$264 million. Amounts passed through to subrecipients reported on the initial draft SEFA were overstated by approximately \$90 million.

The adjustments were corrected by management at various points from September of 2023 through January of 2024 and required multiple quantitative reassessments resulting in additional major federal award programs to be audited as part of the Statewide 2023 Single Audit.

Cause

Internal controls are not in place to ensure federal expenditures reported by departments on Form ACFR-9 are properly reconciled to the VISION Reconciliation Expenditure Report, properly supported by general ledger details, and properly coded for subrecipients.

Repeat Finding

No.

Recommendation

We recommend the Department of Finance and Management revisit the Form ACFR-9 submission process and identify any opportunities to strengthen current practices. Such opportunities could include additional departmental training as well as additional reconciliation and review procedures that could be performed by the Department of Finance and Management prior to the submission of the SEFA to the external auditor.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

We recommend the Department of Finance and Management implement a proper accountability channel when departments do not submit Form ACFR-9 timely.

Views of Responsible Officials and Planned Corrective Action

The Department of Finance and Management (DF&M) agrees with the finding and will 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 as part of their ACFR-9 submission is complete and accurate. DF&M will provide additional guidance and training on the preparation of the ACFR-9 form to ensure agencies and departments are able to complete the form accurately. DF&M has made improvements in its reconciliation process for certain federal programs, and moving forward DF&M will work with agencies and departments to expand this reconciliation process to ensure the data provided is complete and accurate. DF&M will meet with selected departments and agencies to discuss their process for preparing the ACFR-9, and work with them to understand the root cause of the issues found and provide guidance to help them improve their ACFR-9 preparation.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

Matrix of Findings by Federal Agency and Federal Program

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding Number	Internal Control		Compliance	Compliance Requirement
				Material Weakness	Significant Deficiency		
Child Nutrition Cluster	USDA (10)	10.553, 10.555, 10.556, 10.559, 10.582	2023-003		X	X	Reporting - FFATA
Child Nutrition Cluster	USDA (10)	10.553, 10.555, 10.556, 10.559, 10.582	2023-004		X	X	Cash Management
Unemployment Insurance	U.S. DOL (17)	17.225	2023-005	X		X	Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2023-006	X		X	Special Tests and Provisions - IRS FUTA Match
Unemployment Insurance	U.S. DOL (17)	17.225	2023-007		X		Allowable Costs / Cost Principles
Unemployment Insurance	U.S. DOL (17)	17.225	2023-008		X	X	Period of Performance
Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.027	2023-009	X		X	Reporting
Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.027	2023-010		X	X	Subrecipient Monitoring
Formula Grants for Rural Areas and Tribal Transit Program	U.S. DOT (20)	20.509	2023-011		X	X	Subrecipient Monitoring
Special Education Cluster	U.S. DOE (84)	84.027, 84.173	2023-012		X	X	Cash Management
Special Education Cluster	U.S. DOE (84)	84.027, 84.173	2023-013		X		Allowable Costs / Cost Principles
Special Education Cluster	U.S. DOE (84)	84.027, 84.173	2023-014		X	X	Subrecipient Monitoring
Supporting Effective Instruction State Grants	U.S. DOE (84)	84.367	2023-015		X		Allowable Costs / Cost Principles
Supporting Effective Instruction State Grants	U.S. DOE (84)	84.367	2023-016		X	X	Reporting - FFATA
Supporting Effective Instruction State Grants	U.S. DOE (84)	84.367	2023-017		X	X	Subrecipient Monitoring
Education Stabilization Fund	U.S. DOE (84)	84.425C,D,U	2023-018	X		X	Reporting - FFATA
Education Stabilization Fund	U.S. DOE (84)	84.425D	2023-019	X		X	Special Tests and Provisions - Participation of Private School Children
Education Stabilization Fund	U.S. DOE (84)	84.425D,U	2023-020		X	X	Subrecipient Monitoring
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-021		X	X	Reporting - FFATA
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-022		X	X	Reporting
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-023		X	X	Cash Management
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	U.S. HHS (93)	93.391	2023-024	X		X	Reporting - FFATA
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	U.S. HHS (93)	93.391	2023-025		X	X	Procurement

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Matrix of Findings by Federal Agency and Federal Program (Continued)

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding Number	Internal Control		Compliance	Compliance Requirement
				Material Weakness	Significant Deficiency		
Adoption Assistance	U.S. HHS (93)	93.659	2023-026		X	X	Eligibility
CHIP	U.S. HHS (93)	93.767	2023-027		X	X	Eligibility
CHIP	U.S. HHS (93)	93.767	2023-028		X	X	Special Tests and Provisions - Provider Eligibility
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-029	X		X	Special Tests and Provisions - ADP Risk Analysis and System Security Review
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-030		X	X	Reporting - FFATA
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-031		X	X	Special Tests and Provisions - Provider Health and Safety Standards
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-032		X	X	Cash Management
Block Grants for Prevention and Treatment of Substance Abuse	U.S. HHS (93)	93.959	2023-033		X	X	Reporting - FFATA
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2023-034	X		X	Reporting - FFATA

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-003
Prior Year Finding: 2022-006
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: 4VT300307 (2021-2023), 4VT310307 (2020-2023),
4VT308907 (2022-2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency
Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance,
Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Agency of Education (Agency) was not in compliance with FSRS reporting requirements. Subawards and subaward modifications were not reported timely or accurately to FSRS.

Context:

Sixty subawards were selected for testing and many of these subawards were amended multiple times for a total of 573 transactions tested. Specifically, the following exceptions were noted:

- 3 of 60 original subawards were not reported to FSRS.
- 14 of 513 subaward amendments were not reported to FSRS.
- 9 of 60 original subawards were not reported timely to FSRS.
- 127 of 513 subaward amendments were not reported timely to FSRS.
- 1 of 60 original subawards reported an incorrect amount to FSRS.
- 2 of 513 subaward amendments reported an incorrect amount to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
573	17	136	3	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$9,502,018	\$183,316	\$4,367,547	\$110,560	\$0

Cause:

The Agency’s procedures were not sufficient to ensure that all subawards and subaward amendments were reported timely and accurately to FSRS. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported timely or accurately to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-004
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Agency: Agency of Education
Department of Finance and Management
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: 4VT300307 (2021-2023), 4VT310307 (2020-2023), 4VT308907 (2022-2023)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

Per 2 CFR section 200.514(a)(5), if a State fails to request funds timely as set forth in 2 CFR section 205.29, or otherwise fails to apply a funding technique properly, we may deny any resulting Federal interest liability, notwithstanding any other provision of this section.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Education (Agency) was not in compliance with the funding techniques included in the State’s CMIA Treasury-State Agreement. The Department of Finance and Management (Finance) improperly calculated Federal interest liabilities for the program on the CMIA Annual Report.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

The funding techniques for the program require that cash draws are performed on a bi-weekly basis, or 26 times during the fiscal year. The Agency performed only ten cash draws during the fiscal year.

Finance is the responsible State entity for calculation of interest and completion of the CMIA Annual Report. Since the Agency failed to request funds timely in accordance with the Treasury-State Agreement, Finance should not have calculated a federal interest liability for the program, however, a federal interest liability was reported in the amount of \$7,966.

Cause:

The Agency's procedures were not sufficient to ensure that cash draws were performed timely per the terms of the Treasury-State Agreement. Internal controls did not detect or prevent these errors.

Finance's CMIA Annual Report procedures were not sufficient to ensure that it calculated a federal interest liability for the program only when the State was entitled to the interest. Internal controls did not detect the error prior to submission of the CMIA Annual Report.

Effect:

The Cash Management Improvement Act is intended to minimize the time between the transfer of federal funds to States and the payout of those funds for program purposes. When the Agency does not draw down federal funds timely per the funding techniques included in the Treasury-State Agreement, it causes the State to advance its own funds for federal program purposes, negatively impacting the State's cash flow.

Improperly calculating the Federal interest liability could potentially allow the State to receive an interest payment to which it is not entitled per 2 CFR section 200.514.

Questioned costs:

\$7,966, the amount of the federal interest liability improperly calculated and included on the Annual Report.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures over cash management to ensure that cash draws are performed timely and in accordance with the funding techniques included in the State's Treasury-State Agreement. We further recommend that Finance enhance its procedures and internal controls to ensure that federal interest liabilities are properly calculated in accordance with 2 CFR section 200.514.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-005
Prior Year Finding: 2022-012
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: State UC, UCFE and UCX (7/1/2022 - 6/30/2023)
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: ETA 191, Financial Status of UCFE/UCX (OMB No. 1205-0162) – Quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific federal agencies (ET Handbook 401).

ETA 9050, Time Lapse of All First Payments except Workshare – The ETA 9050 report contains monthly information on first payment time lapse. This report concerns the time it takes states to pay benefits to claimants for the first compensable week of unemployment. That data addressed first payment time lapse for total unemployment only. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

ETA 9052, Nonmonetary Determination Time Lapse Detection - The ETA 9052 report contains monthly information on the time it take states to issue nonmonetary determinations from the date the issues are first detected by the agency. Single-claimant and multi-claimant nonmonetary determinations are included in the report. Nonmonetary determinations made by organizational units such as Benefits Accuracy Measurement (BAM) and Benefit Payment Control (BPC) are also included in the report. Note: Overpayment notices on uncontested earnings detected by any method (e.g., crossmatch) should not be included. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

ETA 9055, Appeals Case Aging - The ETA 9055 report gathers monthly information on the inventory of lower authority and higher authority single claimant appeals cases that have been filed but not decided. Appeals case aging provides information about the number of days from the date an appeal was filed through the end of the month covered by the report. Also included are the average and median ages of the pending single claimant appeals cases. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

ETA 2208A, Quarterly UI Above-Base Report - The ETA 2208A is a quarterly report of staff years worked and paid by program category. Reports are submitted electronically to the National Office by the 30th of the month following the close of the quarter.

Internal Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor (the Department) was not able to provide support that it had submitted required financial, performance, and special reports by the due dates nor that reports had been reviewed and approved by an authorized State official prior to submission.

Context:

We reviewed a sample of the financial, performance, and special reports filed during FY 2023. The following exceptions were noted:

- ETA 191: Support could not be provided that 2 of 2 reports reviewed had been reviewed and approved prior to submission.
- ETA 9050: Support could not be provided that 4 of 4 reports reviewed had been reviewed and approved prior to submission.
- ETA 9052: Support could not be provided that 4 of 4 reports reviewed were submitted by the required due date nor that the reports had been reviewed and approved prior to submission. The reports were all submitted 20 days late.
- ETA 9055: Support could not be provided that 4 of 4 reports reviewed were submitted by the required due date nor that the reports had been reviewed and approved prior to submission. The reports were all submitted 20 days late.
- ETA 2208A: One of two quarterly reports reviewed was submitted after the required due date. The report for the quarter ending 12/31/2022 was due by 1/30/2023 but was submitted on 2/3/2023, or four days late.

Cause:

The Department does not have sufficient internal controls in place over compliance with Unemployment Insurance reporting requirements to ensure that reports are submitted timely and that they are reviewed and approved prior to submission.

Effect:

Performance and special reports were consistently submitted late. A lack of review and approval of reports could allow incorrect data to be reported for the program which could misrepresent the State's financial and programmatic performance in the program.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:

Undetermined.

Recommendation:

We recommend that policies and procedures be implemented to ensure that all financial, performance, and special reports are filed timely and accurately and that reports are reviewed and approved by an authorized State official prior to submission.

Views of responsible officials:

The Department acknowledges and accepts this finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-006
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: State UC (7/1/2022 – 6/30/2023)
Compliance Requirement: Special Tests and Provisions - Match with IRS 940 FUTA Tax Form
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per 26 CFR sections 31.3302(a)-3(a), states are required to annually certify for each taxpayer the total amount of contributions required to be paid under the state law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the Federal Unemployment Tax Act (FUTA). In order to accomplish this certification, states annually perform a match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor (Department) did not retain the IRS 940 FUTA match data file and therefore, it was unavailable for testing by auditors.

Context:

FUTA match data was submitted to the IRS and proof of submission was retained for internal control purposes. However, since the match data file was not retained, auditors were unable to verify the accuracy of the match certification performed by the Department.

Cause:

The Department's procedures and internal controls were not sufficient to ensure that it retained the FUTA match data file and that this file was available for audit.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:

Auditors were unable to verify that the Department accurately performed a match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form. Specifically, auditors were unable to verify that the taxable wages used by the Department agreed to the IRS matching result file, that timely and late payments were properly distinguished in the match results, and that the tax payment met the stated criteria for FUTA tax credits allowance.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Department reviews and enhances its procedures and controls to ensure that it retains the IRS 940 FUTA match data file and this file is available for testing by auditors.

Views of responsible officials:

The Department acknowledges and accepts this finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-007
Prior Year Finding: 2023-016
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor
Federal Program: Unemployment Insurance

Assistance Listing Number: 17.225
Award Number and Year: UI393532355A50 (10/1/2022 – 12/31/2025)
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement:

Compliance: 2 CFR section 200.403 states, in part, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (g) Be adequately documented.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor (Department) charged costs to the program that were issued without documentation of supervisory review and approval.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For four of sixty general disbursement transactions selected for testing, the Department was unable to provide documentation of supervisory review and approval prior to issuance of payment to the vendor.

Cause:

The Department's procedures were not sufficient to ensure that payments were reviewed and approved prior to issuance of payment. Internal controls did not prevent or detect the errors.

Effect:

Unallowable costs could be charged to the program if disbursements are not reviewed by a supervisor who is knowledgeable of program regulations regarding allowable costs.

Questioned costs:

None noted. The costs were determined to be allowable.

Recommendation:

We recommend the Department reviews and enhances its procedures and controls regarding payment processing to ensure that, prior to charging costs to the program, they are reviewed by a supervisor who is knowledgeable of the regulations regarding allowable program costs and that documentation of the review is maintained.

Views of responsible officials:

The Department acknowledges and accepts this finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-008
Prior Year Finding: 2022-017
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI393532355A50 (10/1/2022 – 12/31/2025)
Compliance Requirement: Period of Performance
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor (Department) charged costs to the federal grant prior to the allowable start of the period of performance. Payments were also issued without review and approval by supervisory staff.

Context:

Sixty transactions were selected for testing and the following exceptions were noted:

- Five of sixty transactions were charged to the award before the allowable period of performance. The grant award start date was October 1, 2022 but costs, totaling \$2,277, were incurred in June, July and September 2022.
- The Department’s key control is that all payments are supported by an invoice approved by a program manager who is aware of the grant’s period of performance. Four of sixty transactions did not have evidence of supervisory approval prior to issuance of payment.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Department's procedures and internal controls were not operating sufficiently to ensure that expenditures charged to the program were incurred within the award's period of performance.

Effect:

Costs could be deemed unallowable by the awarding agency if funds are expended outside of the allowable period of performance.

Questioned costs:

Below the reportable limit.

Recommendation:

The Department should review and enhance its procedures and internal controls to ensure that it charges expenditures to the program that are incurred within an award's allowable period of performance.

Views of responsible officials:

The Department acknowledges and accepts this finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-009
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Agency: Agency of Administration
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP4407 (3/1/2021 – 12/31/2024)
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the U.S. Treasury’s Project and Expenditure Report User Guide, each State and Local Fiscal Recovery Fund (SLFRF) recipient is required to submit periodic reports with current performance and/or financial information including background information about the SLFRF projects that are the subjects of the reports; and financial information with details about obligations, expenditures, direct payments, and subawards. Financial information includes:

- a. Current period obligation
- b. Cumulative obligation
- c. Current period expenditure
- d. Cumulative expenditure

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Current period obligations reported did not agree to supporting documentation.

Context:

Two of four quarterly project and expenditure reports were selected for testing. The 12/31/2022 quarter included obligations and expenditures for 113 projects. Of the projects reported, supporting documentation indicated that 35 projects incurred current period obligations, but the Agency of Administration (Agency) reported \$0 current period obligations for 34 of 35 projects. Thirty-four projects were incorrectly reported.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Agency's procedures over project and expenditure reporting were insufficient to ensure that financial information was reported accurately and tied to supporting documentation. The Agency utilizes upload templates to populate the Treasury reporting portal. When obligation and expenditure data was uploaded for the 12/31/2022 quarter, their procedures and controls did not detect that current period obligations had been incorrectly reported to the reporting portal.

Effect:

Current period obligation data was inaccurately reported to Treasury.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that financial information reported is accurate and ties to supporting documentation.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-010
Prior Year Finding: 2022-021
Federal Agency: U.S. Department of the Treasury
State Agency: Agency of Administration
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP4407 (3/1/2021 – 12/31/2024)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – 2 CFR §200.332(a) - Requirements for Pass-Through Entities, states in part, that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Required federal award information was omitted from subaward agreements issued using program funds.

Context:

The Agency of Administration (Agency) has oversight responsibility for Coronavirus State and Local Fiscal Recovery Funds expenditures and reporting for the State of Vermont (the State). Multiple agencies and departments within the State incur costs and issue subawards with program funding. Twenty-nine subrecipients were selected for testing, consisting of thirty-seven individual subawards issued by multiple agencies and departments. For 10 of 37 subaward agreements selected for testing, the Department of Public Service (Department) omitted the following required Federal information:

- Federal Award Identification Number (FAIN)
- Federal Award Date

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Department did not establish effective internal controls and procedures over subrecipient monitoring. It was unable to ensure that it provided all required information to its subrecipients upon award issuance. The Agency's oversight of the program did not detect the error.

Effect:

Excluding the required federal grant award information at the time of subaward issuance may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency work with the Department to review and enhance internal controls and procedures to ensure that all required federal award information is included in subawards. We further recommend that the Agency review its oversight procedures and controls to ensure that all State agencies and departments that issue subawards under the program are in compliance with federal requirements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-011
Prior Year Finding: No
Federal Agency: U.S. Department of Transportation
State Agency: Agency of Transportation
Federal Program: Formula Grants for Rural Areas and Tribal Transit Program
Assistance Listing Number: 20.509
Award Number and Year: VT2016-007-02 (9/23/2016 – 6/20/2023), VT-2017-007-01 (8/3/2017 – 6/21/2023), VT-2019-006-01 (9/20/2017 – 9/30/2022), VT-2020-005-00 (5/26/2020 – 9/30/2022), VT-2020-011-00 (9/9/2020 – 9/30/2023), VT-2020-012-00 (9/18/2020 – 9/30/2023), VT-2021-014-01 (9/20/2021 – 9/30/2023), VT-2022-001-02 (5/12/2022 – 6/30/2028)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR section 200.332, the following requirements are imposed on pass-through entities:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (1) (iii) Federal Award Identification Number (FAIN);
 - (iv) Federal Award Date;

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
- (1) Reviewing financial and performance reports required by the pass-through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
 - (3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
 - (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters;
and
 - (2) Performing on-site reviews of the subrecipient's program operations;
 - (3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Vermont Agency of Transportation (VTrans) omitted required federal award information from subawards it issued in the program and did not adequately monitor subrecipients.

Context:

Seven subawards were selected for testing and the following exceptions were noted:

- For seven of seven subawards selected for testing, the FAIN and federal award date were not included on the subaward agreement.
- For three of seven subawards selected for testing, the last on-site subrecipient monitoring visits were performed in FY 2020 and the next on-site monitoring is not scheduled to take place until FY 2024. Per the VTrans subrecipient monitoring plan, on-site monitoring must be performed no less than every three years.

Cause:

Procedures and internal controls were not sufficient to ensure that subawards included all required federal information. Although VTrans subsequently modified its subaward issuance process, controls in effect during the audit period were not sufficient to ensure that subawards included all required information.

Procedures and internal controls were also not sufficient to ensure that timely on-site monitoring visits were performed in accordance with its monitoring plan.

Effect:

Excluding the required federal grant award information at the time of subaward issuance may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports.

Failure to conduct adequate subrecipient monitoring may result in a failure of VTrans to detect that subawards were used for unauthorized purposes, were managed in violation of the terms and conditions of the subawards, or that subaward performance goals were not achieved. There is an increased risk that subrecipients could be inappropriately spending and/or inaccurately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by VTrans personnel on a timely basis.

Questioned costs:

Undetermined.

Recommendation:

VTrans should review and enhance internal controls and procedures to ensure that all required federal award information is included in subawards and that on-site subrecipient monitoring is conducted timely per the terms of its subrecipient monitoring plan.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-012
Prior Year Finding: 2022-024
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Special Education Cluster, COVID-19 – Special Education Cluster
Assistance Listing Number: 84.027 and 84.173
Award Number and Year: H027A210098 (7/1/2021 – 9/30/2022), H173A200106 (7/1/2020 – 9/30/2022), H173A210106 (7/1/2021 – 9/30/2022), H027A220098 (7/1/2022 – 9/30/2023)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

Per 2 CFR section 200.514(a)(5), if a State fails to request funds timely as set forth in 2 CFR section 205.29, or otherwise fails to apply a funding technique properly, we may deny any resulting Federal interest liability, notwithstanding any other provision of this section.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Education (Agency) was not in compliance with the funding techniques included in the State’s FY2023 CMIA Treasury-State Agreement.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

The funding techniques for the program require that cash draws are performed on a bi-weekly basis, or 26 times during the fiscal year. Instead, the Agency performed cash draws on a random basis throughout the year.

Cause:

The Agency's corrective action plan from the FY2022 audit finding was in-process and had not been fully implemented during FY2023.

Effect:

The Cash Management Improvement Act is intended to minimize the time between the transfer of federal funds to States and the payout of those funds for program purposes. When the Agency does not draw down federal funds timely per the funding techniques included in the Treasury-State Agreement, it causes the State to advance its own funds for federal program purposes, negatively impacting the State's cash flow.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency complete its FY2022 corrective action plan to ensure that cash draws are performed timely and in accordance with the funding techniques included in the State's Treasury-State Agreement.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-013
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Special Education Cluster, COVID-19 – Special Education Cluster
Assistance Listing Number: 84.027 and 84.173
Award Number and Year: H027A210098 (7/1/2021 – 9/30/2022), H173A200106 (7/1/2020 – 9/30/2022), H173A210106 (7/1/2021 – 9/30/2022), H027A220098 (7/1/2022 – 9/30/2023)
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement:

Compliance: 2 CFR section 200.403 states, in part, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (g) Be adequately documented.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

Documentation provided to auditors by the Agency of Education (Agency) supporting a subrecipient payment did not agree to the payment made.

Context:

For six of forty subrecipient payment transactions selected for testing, the Agency did not follow its procedures to verify that supporting documentation provided for reimbursement by the Local Educational Agency (LEA) agreed with the payment requested.

Cause:

Internal controls were not sufficient to ensure that the Agency followed its established procedures to review and maintain documentation supporting reimbursement requests submitted by LEAs prior to the issuance of payments.

Effect:

When payment processing procedures are not followed, reimbursement for unallowable or unsupported expenditures could occur. Although the Agency did not follow its procedures at the time of payment, documentation was subsequently provided supporting the payment, and allowability was verified.

Questioned costs:

None noted. Allowability of the payment amount was verified.

Recommendation:

We recommend the Agency reviews and enhances its controls regarding subrecipient payment processing to ensure that, prior to issuing reimbursement payments, support provided by LEAs is reviewed for completeness and allowability and that supporting documentation is maintained.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-014
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Special Education Cluster, COVID-19 – Special Education Cluster
Assistance Listing Number: 84.027 and 84.173
Award Number and Year: H027A210098 (7/1/2021 – 9/30/2022), H173A200106 (7/1/2020 – 9/30/2022), H173A210106 (7/1/2021 – 9/30/2022), H027A220098 (7/1/2022 – 9/30/2023)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR section 200.332, the following requirements are imposed on pass-through entities:

- (b) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
- (2) (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Vermont Agency of Education (Agency) omitted required information from subawards it issued for the program.

Context:

For 2 of 8 subawards selected for testing, the amount of federal funds obligated by this action was not included on the subaward agreement.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

Procedures and internal controls were not sufficient to ensure that subawards included all required information.

Effect:

Excluding the required federal grant award information at the time of subaward issuance may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports.

Questioned costs:

None noted.

Recommendation:

The Agency should review and enhance internal controls and procedures to ensure that all required federal award information is included in subaward agreements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-015
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
Assistance Listing Number: 84.367
Award Number and Year: S367A210043 (7/1/2021 – 9/30/2022), S367A220043 (7/1/2022 – 9/30/2023)
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement:

Compliance: 2 CFR section 200.403 states, in part, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (g) Be adequately documented.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Documentation provided to auditors by the Agency of Education (Agency) supporting a subrecipient payment did not agree to the payment made.

Context:

For one of forty subrecipient payment transactions selected for testing, the Agency did not follow its procedures to verify that supporting documentation provided for reimbursement by the Local Educational Agency (LEA) agreed with the payment requested.

Cause:

Internal controls were not sufficient to ensure that the Agency followed its established procedures to review and maintain documentation supporting reimbursement requests submitted by LEAs prior to the issuance of payments.

Effect:

When payment processing procedures are not followed, reimbursement for unallowable or unsupported expenditures could occur. Although the Agency did not follow its procedures at the time of payment, documentation was subsequently provided supporting the payment and allowability was verified.

Questioned costs:

None noted. Allowability of the payment amount was verified.

Recommendation:

We recommend the Agency reviews and enhances its controls regarding subrecipient payment processing to ensure that, prior to issuing reimbursement payments, support provided by LEAs is reviewed for completeness and allowability and that supporting documentation is maintained.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-016
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
Assistance Listing Number: 84.367
Award Number and Year: S367A210043 (7/1/2021 – 9/30/2022),
S367A220043 (7/1/2022 – 9/30/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subawards were not reported timely or accurately to FSRS in accordance with FFATA requirements.

Context:

Nine subawards were selected for testing which included the original subawards and eighteen subaward amendments for a total of twenty-seven transactions tested. Specifically, the following exceptions were noted:

- 7 of 27 subawards were not reported timely to FSRS.
- 4 of 18 subaward amendments reported an incorrect amount to FSRS. When reporting the amendments, the Agency reported the cumulative subaward amount rather than only the current amendment amount. This resulted in an overstatement of the total amount reported for these subawards.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
27	0	7	4	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$4,238,246	\$0	\$1,424,372	\$573,508	\$0

Cause:

The Agency’s procedures were not sufficient to ensure that all subawards and subaward amendments were reported timely and accurately to FSRS. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported timely or accurately to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-017
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
Assistance Listing Number: 84.367
Award Number and Year: S367A210043 (7/1/2021 – 9/30/2022),
S367A220043 (7/1/2022 – 9/30/2023)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR section 200.332, the following requirements are imposed on pass-through entities:

- (c) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
- (3) (ii) Subrecipient's unique entity identifier;
 - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Vermont Agency of Education (Agency) omitted required information from subawards it issued for the program.

Context:

Eight subawards were selected for testing and the following exceptions were noted:

- For 1 of 8 subawards selected for testing, the subrecipient's unique entity identifier was not included on the subaward agreement.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- For 3 of 8 subawards selected for testing, the amount of federal funds obligated by this action was not included on the subaward agreement.

Cause:

Procedures and internal controls were not sufficient to ensure that subawards included all required information.

Effect:

Excluding the required federal grant award information at the time of subaward issuance may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports.

Questioned costs:

None noted.

Recommendation:

The Agency should review and enhance internal controls and procedures to ensure that all required federal award information is included in subaward agreements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-018
Prior Year Finding: 2022-029
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: COVID-19 – Governor’s Emergency Education Relief Fund
COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER)
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
Assistance Listing Number: 84.425C, 84.425D, 84.425U
Award Number and Year: S425C210009 (1/8/2021 – 9/30/2022)
S425D210011 (1/5/2021 – 9/30/2022)
S425U210011 (3/24/2021 – 9/30/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Education (Agency) was not in compliance with FSRS reporting requirements. Subawards and subaward modifications were not reported to FSRS or were not reported timely.

Context:

Fifty-one subawards were selected for testing which included twenty-two original subawards and twenty-nine subaward amendments. Thirty-nine of fifty-one subawards selected for testing were not in compliance with FFATA reporting requirements. The following exceptions were noted:

- 6 of 29 subaward amendments were not reported to FSRS.
- 5 of 29 subaward amendments were not reported accurately to FSRS. When reporting the amendments, the Agency reported the cumulative subaward amount rather than only the current amendment amount. This resulted in an overstatement of the total amount reported for these subawards.
- 29 of 51 subawards and subaward amendments were not reported timely to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
51	6	29	5	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$38,379,100	\$482,531	\$22,787,170	\$615,261	\$0

Cause:

The Agency’s procedures were not sufficient to ensure that all subawards and subaward amendments were reported timely and accurately to FSRS. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported accurately or timely to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-019
Prior Year Finding: 2022-026
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER)
Assistance Listing Number: 84.425D
Award Number and Year: S425D200011 (4/29/2020 – 9/30/2021)
Compliance Requirement: Special Tests and Provisions – Participation of Private School Children
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: For programs under ESSER I and GEER I (Assistance Listing 84.425C and D), an LEA that receives funds under one or both of those programs must provide equitable services in the same manner as provided under section 1117 of Title I, Part A of the ESEA (20 USC 6320) (Assistance Listing 84.010) to students and teachers in private schools as determined in consultation with private school officials (section 18005(a) of the CARES Act). To meet this requirement, a Local Education Agency (LEA) must determine the proportional share of ESSER I or GEER I funds available for equitable services in accordance with section 1117(a)(4)(A) of the ESEA (20 USC 6320(a)(4)(A)).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Education (Agency) was not able to support the calculation of Participation of Private School Children set-aside amounts.

Context:

For 12 of 12 LEAs selected for testing, the Agency was unable to provide support to validate that the ESSER set-aside amounts for private school children had been determined appropriately. The total set asides were determined at the school district level and support was maintained at the LEA and not at the non-public (independent) school level. Therefore, auditors could not verify the accuracy of the set-aside calculations.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Agency's procedures and internal controls were not sufficient to ensure it maintained documentation supporting private school set-aside calculations.

Effect:

Auditors were unable to verify that set-aside calculations were accurate and determined properly.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures over participation of private school children and that documentation supporting set-aside calculations is maintained and available for auditor review.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-020
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education
Federal Program: COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER)
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
Assistance Listing Number: 84.425D, 84.425U
Award Number and Year: S425D210011 (1/5/2021 – 9/30/2022)
S425U210011 (3/24/2021 – 9/30/2023)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR section 200.332, the following requirements are imposed on pass-through entities:

- (d) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (4) (ii) Subrecipient's unique entity identifier;
 - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Vermont Agency of Education (Agency) omitted required information from subawards it issued for the program.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Twenty-seven subawards were selected for testing and the following exceptions were noted:

- For 4 of 27 subawards selected for testing, the subrecipient's unique entity identifier was not included on the subaward agreement.
- For 8 of 27 subawards selected for testing, the amount of federal funds obligated by this action was not included on the subaward agreement.

Cause:

Procedures and internal controls were not sufficient to ensure that subawards included all required information.

Effect:

Excluding the required federal grant award information at the time of subaward issuance may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports.

Questioned costs:

None noted.

Recommendation:

The Agency should review and enhance internal controls and procedures to ensure that all required federal award information is included in subaward agreements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-021
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Low-Income Home Energy Assistance,
 COVID-19 – Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2101VTLIEA (10/1/2020 – 9/30/2022), 2101VTLWC5 (5/28/2021 – 9/30/2023), 2101VTLWC6 (5/28/2021 – 9/30/2023), 2101VTE5C6 (3/11/2021 – 9/30/2022), 2301VTLIEA (10/1/2022 – 9/30/2024), 2301VTLIEE (10/1/2022 – 9/30/2024), 2301VTLIEI (10/1/2022 – 9/30/2024)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for

Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not report subaward information to FSRS in accordance with FFATA reporting requirements.

Context:

Eleven subawards were selected for testing which included seven initial subawards and four amendments. We noted the following exceptions:

- Two of seven initial subawards were not reported to FSRS until after auditors requested samples for testing.
- One of four amendments was not reported to FSRS.
- Two of seven initial subawards were not reported to FSRS timely. The subawards were reported 28 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
11	3	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$3,068,216	\$1,496,481	\$222,609	\$0	\$0

Cause:

The Agency’s internal controls were not operating sufficiently to ensure that subawards were reported to FSRS in accordance with FFATA reporting requirements. Two of the subaward exceptions were not reported to FSRS until after auditors had selected them for testing. In addition, the Agency noted that for Weatherization subawards, their internal procedure is to amend the total subaward amount at the end of the grant period, but the Agency does not report these amendments to FSRS.

Effect:

The program was not in compliance with FFATA reporting requirements.

Questioned costs:

None noted.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance or amendment, in accordance with FFATA requirements.

Views of responsible officials:

Management agrees with the finding.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-022
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Low-Income Home Energy Assistance,
COVID-19 – Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2101VTLWC6 (5/28/2021 – 9/30/2023)
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The SF-425 Federal Financial Report is due annually no later than December 31st via the Payment Management System (PMS). This report concerns the obligation balances for each federal fiscal year and for each type of Low-Income Home Energy Assistance Program (LIHEAP) grant award (block grants, reallocation, emergency contingency, Leveraging, and REACH). A report is required from those recipients expending up to 5 percent of funds under section 2605(b)(16) (42 USC 8624(b)(16)). Low Income Household Water Assistance Program (LIHWAP) recipients must track, account for, and report on, the LIHWAP funding separate from the rest of their funding. The Office of Community Services provided guidance to LIHWAP grant recipients of an extension to the annual report deadline for reports for the period ending September 30, 2022. The due date for this report was extended to no later than January 30, 2023.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not submit the annual SF-425 Federal Financial Report for the 2021 LIHWAP award by the January 30, 2023 extended due date.

Context:

Five annual SF-425 Federal Financial Reports were selected for testing, and we noted that one of five reports was not submitted timely. The 2021 LIHWAP annual report for the period ending September 30, 2022 was due no later than January 30, 2023 but was not submitted until February 24, 2023, or 25 days late.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

Procedures and controls were insufficient to ensure that annual Federal Financial reports were filed timely.

Effect:

Untimely filing of annual reports could impact the federal agency's ability to monitor the program.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required annual reports are filed timely.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-023
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Finance and Management
Federal Program: Low-Income Home Energy Assistance
 COVID-19 – Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2101VTLIEA (10/1/2020 – 9/30/2022), 2101VTLWC5 (5/28/2021 – 9/30/2023), 2101VTLWC6 (5/28/2021 – 9/30/2023), 2101VTE5C6 (3/11/2021 – 9/30/2022), 2301VTLIEA (10/1/2022 – 9/30/2024), 2301VTLIEE (10/1/2022 – 9/30/2024), 2301VTLIEI (10/1/2022 – 9/30/2024)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

Annual Reports are submitted electronically by December 31 of each year. The Annual Report includes Federal interest liabilities, State interest liabilities, and State direct cost claims.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Department of Finance and Management (Finance) improperly calculated the federal interest liability for the program on the CMIA Annual Report.

Context:

The annual interest rate is established by the U.S. Treasury and published on its CMIA website. Finance is the responsible State entity for calculation of interest and completion of the CMIA Annual Report. When it calculated interest for the program in preparation of the FY2023 Annual Report, Finance did not apply the correct interest rate.

Cause:

Finance's CMIA Annual Report procedures were not sufficient to ensure that it used the interest rate established by the U.S. Treasury when it calculated interest liabilities for the program. Internal controls did not prevent or detect the error.

Effect:

Improperly calculating Federal interest liabilities could potentially allow the State to receive interest payments to which it is not entitled per 2 CFR section 200.514.

Questioned costs:

None. The error did not result in an unallowable federal interest liability.

Recommendation:

We recommend that Finance review and enhance its internal controls and procedures over cash management to ensure that federal interest liabilities are properly calculated in accordance with 2 CFR section 200.514.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-024
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number: 93.391
Award Number and Year: NH75OT000034 (6/1/2021 – 5/31/2024)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the

Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subawards were not reported timely to FSRS in accordance with FFATA requirements.

Context:

Four of eight subawards selected for testing were not reported to FSRS in accordance with FFATA requirements. Specifically, we noted the following exceptions:

- Three of eight subawards were not reported to FSRS until after auditors requested samples for testing. The subawards were issued between 12/31/2021 and 4/1/2022 but were not reported to FSRS until 10/31/2023.
- One of eight subawards was not reported to FSRS timely. The subaward should have been reported to FSRS by 3/31/2022, but it was not reported until 4/22/2022, or 22 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	3	1	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$7,707,121	\$2,975,000	\$4,080,412	\$0	\$0

Cause:

The Agency’s procedures were not sufficient to ensure that subawards were reported to FSRS in accordance with FFATA reporting requirements. Internal controls did not detect or prevent the errors.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance or amendment, in accordance with FFATA requirements.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-025
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number: 93.391
Award Number and Year: NH75OT000034 (6/1/2021 – 5/31/2024)
Compliance Requirement: Procurement
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR section 200.324(a), the non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) was unable to provide documentation that a cost analysis was performed for a procurement action in excess of the Simplified Acquisition Threshold.

Context:

For one of seven contracts selected for testing, the Agency was unable to provide documentation that a cost analysis was performed.

Cause:

The Agency’s procedures were not sufficient to ensure that a cost analysis was performed for all procurement actions in excess of the Simplified Acquisition Threshold. Internal controls did not detect or prevent the error.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:

Failure to perform a cost analysis could result in the Agency procuring goods or services that are not cost-effective nor in the best interest of the Agency or the program.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that it performs a cost analysis for all procurement actions in excess of the Simplified Acquisition Threshold, including contract modifications. We further recommend that cost analysis documentation is maintained and readily available for audit.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-026
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Adoption Assistance
Assistance Listing Number: 93.659
Award Number and Year: 2201VTADPT (7/1/2022 – 9/30/2022),
2301VTADPT (10/1/2022 – 6/30/2023)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 42 USC 673, each State shall enter into adoption assistance agreements (as defined in section 675(3)) with the adoptive parents of children with special needs in accordance with its approved State plan. Adoption assistance subsidy payments may be paid on behalf of a child only if they are determined to meet the program’s eligibility requirements:

- Categorical Eligibility – The child meets the definition of an “applicable or non-applicable child” and meets the corresponding eligibility requirements per 42 USC 673.
- The child was determined by the Title IV-E agency as someone who cannot or should not be returned to the home of his or her parents (42 USC 673(c)(1)).
- The child was determined by the Title IV-E agency to be a child with special needs.
- The Title IV-E agency has made reasonable efforts to place the child for adoption without a subsidy.
- The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child’s eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of state with the adoptive family (42 USC 675(3)).
- The prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check (42 USC 671(a)(20)(A)).
- The prospective adoptive parent(s) and any other adult living in the home who has resided in the provider home in the preceding five years must satisfactorily have met a child abuse and neglect registry check.
- Once a child is determined eligible to receive Title IV-E adoption assistance, he or she remains eligible and the subsidy continues until the age of 18 (or 21 if the Title IV-E agency determines that the child has a mental or physical disability which warrants the continuation of assistance).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) was unable to provide documentation that participants receiving benefits under the program met eligibility requirements.

Context:

For two of forty participants selected for testing, the Agency was unable to provide documentation that the children were eligible for the program. Specifically, we noted the following exceptions:

- For one of forty participants, documentation could not be provided that the child was eligible for the program.
- For one of forty participants, the child turned eighteen on 3/26/2022 but remained in the program until 6/10/2023. Documentation could not be provided for the continuation of benefits after the child’s 18th birthday.

Cause:

The Agency’s procedures were not sufficient to ensure that documentation was maintained that participants were eligible to participate in the program. Internal controls did not detect or prevent the errors.

Effect

Subsidy payments were made on behalf of children that were not eligible for the program.

Questioned costs:

\$16,362, the federal share of subsidy payments made during FY 2023 for ineligible participants.

Recommendation:

We recommend that the Agency review and enhance procedures and controls to ensure that eligibility documentation is maintained for all program participants and that it is readily available for audit. We further recommend that the Agency review and enhance procedures and controls for children turning eighteen to ensure that benefits are terminated on a timely basis or that a determination is made and documented if the child has a mental or physical disability which warrants the continuation of assistance.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-027

Prior Year Finding: 2022-035

Federal Agency: U.S. Department of Health and Human Services

State Agency: Agency of Human Services (Agency)

Federal Program: Children’s Health Insurance Program (CHIP)

Assistance Listing Number: 93.767

Award Number and Year: 2205VT5021 (10/1/2021 – 9/30/2023)
2305VT5021 (10/1/2022 – 9/30/2024)
2305VT3002 (10/1/2022 – 9/30/2024)

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: States verify the financial and nonfinancial factors of eligibility by checking electronic data sources in accordance with federal requirements at 42 CFR 457.380 and state requirements (as documented in the CHIP state plan, verification plan, and eligibility manual). The state is required (as described at 42 CFR 457.965) to maintain facts in the case file to support the eligibility determination. The State must provide each applicant or enrollee with timely and adequate written notice of any decision affecting his or her eligibility, including an approval, denial or termination, or suspension of eligibility, consistent with sections 457.315, 457.348, and 457.350.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) terminated benefits for a CHIP participant without providing notification to the participant.

Context:

For one of sixty CHIP participants selected for testing, the Agency performed a recertification on 6/9/2023 to determine if the participant should be moved to the Medicaid program. On 6/30/2023, while the income verification was pending, the participant was removed from CHIP benefits without notification.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Agency did not adequately follow procedures regarding eligibility in accordance with federal program requirements. Internal controls did not detect or prevent the error.

Effect

A participant's benefits were terminated without proper notification.

Questioned costs:

Undetermined.

Recommendation:

We recommend that the Agency review and enhance procedures and controls for CHIP beneficiary eligibility determinations to ensure that it provides adequate written notice of any decision affecting a participant's eligibility, including an approval, denial or termination, or suspension of eligibility, consistent with program regulations.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-028
Prior Year Finding: 2022-036
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Children’s Health Insurance Program (CHIP)
Assistance Listing Number: 93.767
Award Number and Year: 2205VT5021 (10/1/2021 – 9/30/2023)
2305VT5021 (10/1/2022 – 9/30/2024)
2305VT3002 (10/1/2022 – 9/30/2024)
Compliance Requirement: Special Tests and Provisions - Provider Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: In order to receive CHIP payments, CHIP providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the CHIP program (42 CFR 457.900); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the state (42 CFR 457.990(a), cross referencing 455.107). CHIP managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

Control: Per 2 CFR section 200.303(a), the non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not maintain documentation to support provider eligibility to participate in the CHIP program. Documentation of the providers’ tax standing was not maintained in the Provider Management Module (PMM).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For five of sixty providers selected for testing, documentation was incomplete to support that the providers were in good tax standing. The provider eligibility requirement is administered by a 3rd-party that determines and documents each provider's eligibility with the Agency's requirements. For the exceptions noted, the provider files in PMM did not contain a copy of the tax standing letter. The providers' tax standing was validated verbally or by email with the Vermont Tax Department and the PMM system was documented indicating the providers had been verified to be in good standing; however, the tax standing letter was not uploaded to the PMM system. As part of a prior year Corrective Action Plan (CAP), a process has been implemented to require letters of good standing be uploaded to the provider file in PMM. These tax case verifications occurred prior to the implementation of the CAP.

Cause:

The Agency did not adequately follow procedures regarding documentation of CHIP provider eligibility in accordance with federal program requirements. Although the Agency had begun implementation of its corrective action plan from a prior year audit, the plan has not been completed.

Effect:

The Agency was unable to support provider eligibility or consistent application of their internal control process. Failure to maintain complete provider files could allow program payments to be made to an ineligible provider.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance its procedures and controls to ensure that documentation is maintained in accordance with the federal program requirements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-029
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205VT5MAP (10/1/2021 – 9/30/2022)
2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement: Special Tests and Provisions – ADP Risk Analysis and System Security Review
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per 45 CFR 95.621, the State Medicaid Agency (SMA) must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. SMAs must perform risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of U.S. Department of Health and Human Services (HHS) programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The SMA shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews. If risks or deficiencies are noted, the SMA must take corrective action to resolve the issues.

Control: Per 2 CFR section 200.303(a), the non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not develop a corrective action plan to address risks and deficiencies noted in the security controls assessment performed over its ACCESS system.

Context:

The Agency entered into a consulting agreement with JANUS Associates (JANUS) to perform a security controls assessment of its ACCESS system. On October 13, 2022, JANUS issued its final report which identified numerous control risks and deficiencies. After receipt of the report, the Agency did not develop or implement a corrective action plan to mitigate the risks nor resolve the deficiencies noted.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Agency did not allocate resources to address the risks and deficiencies noted in the JANUS report.

Effect:

Failure to develop and implement a corrective action plan could leave the ACCESS system vulnerable to potential security risks. The Agency is unable to provide assurance that the system is adequately controlled nor that it properly safeguards sensitive Medicaid data.

Questioned costs:

Undetermined.

Recommendation:

The Agency should evaluate the risks identified in the JANUS report and develop a prioritized corrective action plan to mitigate and resolve these risks. The Agency should implement the corrective action plan as soon as possible to provide assurance that the system is adequately controlled and properly safeguards sensitive Medicaid data.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-030
Prior Year Finding: 2022-038
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205VT5MAP (10/1/2021 – 9/30/2022)
2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

Subawards were not reported timely to FSRS in accordance with FFATA requirements.

Context:

The Agency of Human Services (Agency) Internal Audit Group (IAG) reports subaward information in FSRS for its various departments using subaward information provided by the departments. Nine subawards totaling \$8,406,069 were selected for testing, including eight initial subawards and one subaward amendment. The following exceptions were noted:

- One of eight initial subawards was not reported timely. The subaward should have been reported by October 31, 2022, but it was not reported until December 26, 2022, or 56 days late.
- One of one subaward amendments was not reported timely. It should have been reported by September 30, 2022, but it was not reported until December 26, 2022, or 87 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
9	0	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$8,406,069	\$0	\$6,015,425	\$0	\$0

As part of a prior year Corrective Action Plan (CAP), the Agency implemented a process to report required subawards to FSRS timely. The exceptions noted occurred prior to the implementation of the CAP.

Cause:

The individual departments did not provide the IAG with complete subaward information on a timely basis which caused errors and omissions in subaward reporting to FSRS.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency complete implementation of its prior year CAP to ensure that all required subawards and subaward modifications are reported timely to FSRS in accordance with FFATA requirements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-031
Prior Year Finding: 2022-037
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205VT5MAP (10/1/2021 – 9/30/2022)
205VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement: Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/IID (42 CFR part 442). The standards may be modified in the State Plan. The Medicaid Provider Enrollment Compendium (MPEC) requires that State Medicaid Agencies perform screening of providers based upon their risk level. Screening includes verifications of licenses and compliance with all federal and state regulations of the program.

Control: Per 2 CFR section 200.303(a), the non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not maintain documentation to support providers’ compliance with the prescribed health and safety standards.

The Agency requires that providers complete a health and safety agreement in which they attest to compliance with the Agency’s health and safety requirements. The provider eligibility and health and safety requirements are administered by a 3rd-party that determines and documents providers’ eligibility with the Agency’s requirements in the provider management module (PMM). Health and safety documentation was not consistently maintained in provider files and compliance could not be verified.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Sixty samples were selected for testing and health and safety standards could not be verified for the following:

1. For one of sixty providers, payments were made without current license information maintained in the PMM. As part of a prior year audit's corrective action plan, the Agency attempted to obtain an updated license for the provider and when it was determined that the license had expired, the provider was terminated.

2. For two of sixty providers, documentation was incomplete to support that the providers were in good tax standing. The providers' tax standing was validated verbally or by email with the Vermont Tax Department and the PMM system was documented indicating the providers had been verified to be in good standing; however, the tax standing letter was not uploaded to the PMM system. As part of a prior year Corrective Action Plan (CAP), a process has been implemented to require letters of good standing be uploaded to the provider file in PMM. These tax case verifications occurred prior to the implementation of the CAP.

Cause:

The Agency's 3rd-Party provider did not consistently maintain current license and verification of tax standing documentation in the PMM. Although the Agency had begun implementation of its corrective action plan from a prior year audit, the plan has not been completed.

Effect:

Failure to verify and document compliance with health and safety standards could allow ineligible providers to perform services under the Medicaid program.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance its procedures and controls to ensure that documentation is maintained in accordance with program requirements and that all providers are compliant with required health and safety standards.

Views of responsible officials:

Management agrees with the finding.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-032
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Finance and Management
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205VT5MAP (10/1/2021 – 9/30/2022)
205VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

Annual Reports are submitted electronically by December 31 of each year. The Annual Report includes Federal interest liabilities, State interest liabilities, and State direct cost claims.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Finance and Management (Finance) improperly calculated the federal interest liability for the program on the CMIA Annual Report.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

The annual interest rate is established by the U.S. Treasury and published on its CMIA website. Finance is the responsible State entity for calculation of interest and completion of the CMIA Annual Report. When it calculated interest for the program in preparation of the FY2023 Annual Report, Finance did not apply the correct interest rate.

Cause:

Finance's CMIA Annual Report procedures were not sufficient to ensure that it used the interest rate established by the U.S. Treasury when it calculated interest liabilities for the program. Internal controls did not prevent or detect the error.

Effect:

Improperly calculating Federal interest liabilities could potentially allow the State to receive interest payments to which it is not entitled per 2 CFR section 200.514.

Questioned costs:

\$113, the amount of the federal interest liability claimed in error.

Recommendation:

We recommend that Finance review and enhance its internal controls and procedures over cash management to ensure that federal interest liabilities are properly calculated in accordance with 2 CFR section 200.514.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-033
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services
Federal Program: Block Grants for Prevention and Treatment of Substance Abuse; COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse
Assistance Listing Number: 93.959
Award Number and Year: B08TI084611 (10/1/2021 – 9/30/2024), B08TI083971 (9/1/2021 – 9/30/2025), B08TI083516 (3/15/2021 – 3/14/2023), B08TI083480 (10/1/2020 – 9/30/2022), B08TI084675 (10/1/2021 – 9/30/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for

Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Agency of Human Services (Agency) did not report subaward information to FSRS in accordance with FFATA reporting requirements.

Context:

Thirteen subawards were selected for testing which included eight initial subawards and five amendments. We noted the following exceptions:

- One of five amendments was not reported to FSRS.
- Two of eight initial subawards were not reported to FSRS timely. The subawards were reported 22 and 29 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
13	1	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,775,207	\$62,500	\$225,170	\$0	\$0

Cause:

The Agency’s procedures were not sufficient to ensure that all subawards and subaward amendments were reported timely to FSRS. Internal controls did not prevent or detect the errors.

Effect:

The program was not in compliance with FFATA reporting requirements.

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported timely to FSRS no later than the end of the month following the month of issuance, in accordance with FFATA requirements.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2023-034
Prior Year Finding: No
Federal Agency: U.S. Department of Homeland Security
State Agency: Department of Public Safety
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Award Number and Year: FEMA-4445-DR-VT (2019), FEMA-4474-DR-VT (2020), FEMA-4532-DR-VT (2020), FEMA-4621-DR-VT (2021)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Department of Public Safety (Department) was not in compliance with FSRS reporting requirements. Subawards and subaward modifications were not reported timely or accurately to FSRS.

Context:

Forty-four subawards were selected for testing which included eight subawards and thirty-six amendments. Of the forty-four subawards selected, only one subaward, in the amount of \$58,542, was reported timely and accurately. Specifically, the following exceptions were noted:

- 38 of 44 subawards were not reported to FSRS, totaling \$17,901,902.
- 1 of 44 subawards was not reported timely to FSRS, totaling \$9,609,432.
- 4 of 44 subawards reported an incorrect amount to FSRS, with a net reported variance of \$155,342.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
44	38	1	4	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$28,076,312	\$17,901,902	\$9,609,432	\$155,342	\$0

Cause:

The Department's procedures were not sufficient to ensure that subawards were reported timely or accurately to FSRS. Internal controls did not prevent or detect the errors.

Effect:

The Department's subaward reporting to FSRS was incomplete and inaccurate.

Questioned costs:

None noted.

Recommendation:

We recommend the Department develop procedures and internal controls to ensure that all required subawards and subaward modifications are reported accurately and timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award should be reported as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the Department must continue to report the subaward, including grant modifications.

Views of responsible officials:

Management agrees with the finding.



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