

STATE OF VERMONT
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2022



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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, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 22, 2022. 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	0.04%	0.06%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	11.80%	44.77%
Special Fund	Universal Service Fund	0.79%	1.53%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.53%	8.37%
Aggregate Discretely Presented Component Units	Vermont Student Assistance Corporation; University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Municipal Bond Bank; Vermont Educational and Health Buildings Financing Agency, Vermont Veterans' Home	100.00%	100.00%

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

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

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.

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

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

CliftonLarsonAllen LLP

Boston, Massachusetts
December 22, 2022



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

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, 2022. 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, 2022. 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.

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, 2022.

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, 2022.

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

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 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
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Reporting	2022-006
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Special Tests and Provisions - Accountability for USDA-Donated Foods	2022-007
Unemployment Insurance	17.225	Reporting	2022-012
Unemployment Insurance	17.225	Eligibility	2022-013
Special Education Cluster	84.027, 84.173	Reporting	2022-025
Education Stabilization Fund	84.425	Special Tests and Provisions – Participation of Private School Children	2022-026
Children’s Health Insurance Program Medicaid Cluster	93.767 93.775, 93.777, 93.778	Special Tests and Provisions – Provider Eligibility	2022-036
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests and Provisions – Provider Health & Safety Standards	2022-037
Medicaid Cluster	93.775, 93.777, 93.778	Reporting	2022-038

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

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

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 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 2022-008, 2022-009, 2022-010, 2022-011, 2022-014, 2022-015, 2022-017, 2022-019, 2022-020, 2022-021, 2022-022, 2022-023, 2022-024, 2022-027, 2022-028, 2022-029, 2022-030, 2022-031, 2022-032, 2022-033, 2022-034, 2022-035, and 2022-039. Our opinion on each major federal program is not modified with respect to these matters.

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

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.

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 2022-006, 2022-007, 2022-012, 2022-013, 2022-025, 2022-026, 2022-036, 2022-037, and 2022-038 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 2022-008, 2022-009, 2022-010, 2022-011, 2022-014, 2022-015, 2022-016, 2022-017, 2022-018, 2022-019, 2022-020, 2022-021, 2022-022, 2022-023, 2022-024, 2022-027, 2022-028, 2022-029, 2022-030, 2022-031, 2022-032, 2022-033, 2022-034, 2022-035, and 2022-039 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.

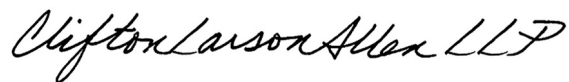
Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing 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.

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

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, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We have issued our report thereon dated December 22, 2022, 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, 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
March 20, 2023

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

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		\$ 379,788	\$ 78,709
Conservation Reserve Program	10.069		49,439	-
Market News	10.153		15,719	-
Federal-State Marketing Improvement Program	10.156		30,756	30,000
Market Protection and Promotion	10.163		4,800	-
Specialty Crop Block Grant Program - Farm Bill	10.170		406,955	273,539
Organic Certification Cost Share Programs	10.171		382,010	3,943
Acer Access Development Program	10.174		133,507	-
Dairy Business Innovation Initiatives	10.176		2,037,471	1,302,429
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		833,434	-
Meat, Poultry, and Egg Products Inspection	10.477		28,162	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		208,919	111,194
Child Nutrition-Technology Innovation Grant	10.541		8,631	-
COVID-19 - Pandemic EBT Food Benefits	10.542		27,510,192	-
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545		1,770	-
COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		1,894,982	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children			9,398,403	-
Total 10.557 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children			11,293,385	-
Child and Adult Care Food Program	10.558		5,212,998	5,081,078
State Administrative Expenses for Child Nutrition	10.560		704,851	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572		58,874	-
Farm to School Grant Program	10.575		86,986	45,389
Senior Farmers Market Nutrition Program	10.576		77,693	58,569
WIC Grants To States (WGS)	10.578		18,371	-
Child Nutrition Discretionary Grants Limited Availability	10.579		39,108	39,108
COVID-19 - Pandemic EBT Administrative Costs	10.649		430,145	68,597
Cooperative Forestry Assistance	10.664		1,485,805	956,873
Cooperative Forestry Assistance - Passed Through Michigan Department of Natural Resources		19-DG-11420000-090	8,925	-
Total 10.664 - Cooperative Forestry Assistance			1,494,730	956,873
Wood Utilization Assistance	10.674		11,799	4,361
Forest Legacy Program	10.676		4,911,331	-
Forest Health Protection	10.680		73,572	-
Community Forest and Open Space Conservation Program (CFP)	10.689		856	-
Good Neighbor Authority	10.691		9,529	-
Partnership Agreements	10.699		4,837	-
Environmental Quality Incentives Program	10.912		479,804	-
Regional Conservation Partnership Program	10.932		109,543	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

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</i>				
COVID-19 - Supplemental Nutrition Assistance Program	10.551		71,574,537	-
Supplemental Nutrition Assistance Program			129,860,560	-
Total 10.551 - Supplemental Nutrition Assistance Program			201,435,097	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		830,601	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			12,720,712	1,566,530
Total 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			13,551,313	1,566,530
<i>Total SNAP Cluster</i>			214,986,410	1,566,530
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553		76,987	76,987
National School Lunch Program	10.555		50,297,810	47,279,928
Special Milk Program for Children	10.556		14,229	14,229
Summer Food Service Program for Children	10.559		8,369,223	7,808,323
Fresh Fruit and Vegetable Program	10.582		1,459,743	1,327,996
<i>Total Child Nutrition Cluster</i>			60,217,992	56,507,463
<i>Food Distribution Cluster</i>				
Commodity Supplemental Food Program	10.565		805,221	194,949
Emergency Food Assistance Program (Administrative Costs)	10.568		370,317	370,317
Emergency Food Assistance Program (Food Commodities)	10.569		609,134	-
<i>Total Food Distribution Cluster</i>			1,784,672	565,266
<i>Forest Service Schools and Roads Cluster</i>				
Schools and Roads - Grants to States	10.665		269,439	269,439
<i>Total Forest Service Schools and Roads Cluster</i>			269,439	269,439
Total U.S. Department of Agriculture			334,308,478	66,962,487
U.S. Department of Commerce				
Economic Development Support for Planning Organizations	11.302			
Passed Through Chittenden County Regional Planning Commission		ED20PHI3020087	12,135	-
Total U.S. Department of Commerce			12,135	-
U.S. Department of Defense				
Procurement Technical Assistance For Business Firms	12.002		579,854	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		11,915	-
Military Construction, National Guard	12.400		18,650,339	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401		26,194,750	-
National Guard ChalleNGe Program	12.404		787,308	-
Economic Adjustment Assistance for State Governments	12.617		440,750	-
Total U.S. Department of Defense			46,664,916	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

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				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		8,983,426	8,321,479
COVID-19 - Emergency Solutions Grant Program	14.231		4,310,862	4,242,057
Emergency Solutions Grant Program			747,471	683,096
Total 14.231 - Emergency Solutions Grant Program			5,058,333	4,925,153
Home Investment Partnerships Program	14.239		350,531	222,367
Continuum of Care Program	14.267		528,265	487,761
Office of Fair Housing-Assistance Grant	14.999		78,556	-
Total Department of Housing and Urban Development			14,999,111	13,956,760
U.S. Department of Interior				
Fish and Wildlife Management Assistance	15.608		75,629	-
Cooperative Endangered Species Conservation Fund	15.615		18,000	46
Clean Vessel Act	15.616		27,754	22,291
Sportfishing and Boating Safety Act	15.622		31,060	-
State Wildlife Grants	15.634		1,261,647	107,730
Endangered Species Recovery Implementation	15.657		77,223	13,875
Candidate Species Conservation	15.660		2,555	-
National Wetlands Inventory	15.665		1,190	-
National Cooperative Geologic Mapping	15.810		103,369	42,554
Historic Preservation Fund Grants-In-Aid	15.904		447,048	53,093
Outdoor Recreation Acquisition, Development and Planning	15.916		623,781	337,750
Water Use and Data Research	15.981		45,137	-
<i>Fish and Wildlife Cluster</i>				
Sport Fish Restoration	15.605		3,428,418	-
Wildlife Restoration and Basic Hunter Education	15.611		3,405,352	84,911
<i>Total Fish and Wildlife Cluster</i>			6,833,770	84,911
Total U.S. Department of Interior			9,548,163	662,250
U.S. Department of Justice				
Sexual Assault Services Formula Program	16.017		469,919	469,919
Coronavirus Emergency Supplemental Funding Program	16.034		284,952	1,462
Services for Trafficking Victims	16.320		137,274	-
Juvenile Justice and Delinquency Prevention	16.540		265,525	92,218
Missing Children's Assistance	16.543		307,372	30,713
State Justice Statistics Program for Statistical Analysis Centers	16.550		167,700	-
National Criminal History Improvement Program (NCHIP)	16.554		34,702	-
Crime Victim Assistance	16.575		4,432,811	3,962,455
Crime Victim Compensation	16.576		104,429	-
Crime Victim Assistance/Discretionary Grants	16.582		455,835	53,088
Drug Court Discretionary Grant Program	16.585		358,490	-
Violence Against Women Formula Grants	16.588		811,503	811,503

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (continued)				
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		230,842	230,842
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		141,907	-
Residential Substance Abuse Treatment for State Prisoners	16.593		133,161	-
Public Safety Partnership and Community Policing Grants	16.710		808,420	-
Juvenile Mentoring Program	16.726		478,774	473,798
Edward Byrne Memorial Justice Assistance Grant Program	16.738		371,355	128,632
DNA Backlog Reduction Program	16.741		289,528	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		162,499	-
Harold Rogers Prescription Drug Monitoring Program	16.754		93,459	-
Second Chance Act Reentry Initiative	16.812		100,332	-
Justice Reinvestment Initiative	16.827		214,815	207,932
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838		8,089	-
STOP School Violence	16.839		46,325	-
Equitable Sharing Program	16.922		154,238	-
<i>Contract/Other</i>	16.999			
Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)			101,972	-
FBI-VTOC/Cyber/Intelligence			15,474	-
US Marshall's District Fugitive Task Force			9,969	-
<i>Total Contract/Other</i>			127,415	-
Total U.S. Department of Justice			11,191,671	6,462,562
U.S. Department of Labor				
Labor Force Statistics	17.002		856,580	-
Compensation and Working Conditions	17.005		48,439	-
COVID-19 - Unemployment Insurance	17.225		94,210,717	-
Unemployment Insurance			76,097,818	-
Total 17.225 - Unemployment Insurance			170,308,535	-
Senior Community Service Employment Program	17.235		426,442	407,138
Trade Adjustment Assistance	17.245		220,270	-
H-1B Job Training Grants	17.268		565	-
Work Opportunity Tax Credit Program (WOTC)	17.271		95,461	-
Temporary Labor Certification for Foreign Workers	17.273		164,626	-
Apprenticeship USA Grants	17.285		315,195	-
Occupational Safety and Health State Program	17.503		879,375	-
Consultation Agreements	17.504		612,337	-
Mine Health and Safety Grants	17.600		105,356	100,000
Disability Employment Policy Development	17.720		2,255,227	1,151,545
<i>Employment Service Cluster</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207		1,969,137	-
Jobs for Veterans State Grants	17.801		457,085	-
<i>Total Employment Service Cluster</i>			2,426,222	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Labor (continued)				
<i>WIOA Cluster</i>				
WIOA Adult Program	17.258		2,643,609	-
WIOA Youth Activities	17.259		1,915,588	-
WIOA Dislocated Worker Formula Grants	17.278		857,157	-
<i>Total WIOA Cluster</i>			5,416,354	-
Total U.S. Department of Labor			184,130,984	1,658,683
U.S. Department of Transportation				
Airport Improvement Program	20.106		5,566,619	-
Highway Research and Development Program	20.200		169,784	13,399
Highway Training and Education	20.215		162,066	-
Federal Lands Access Program	20.224		340,729	339,770
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		2,951	-
Railroad Development	20.314		760,646	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		402,098	364,173
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		973,862	564,541
Formula Grants for Rural Areas and Tribal Transit Program			23,395,177	20,661,877
Total 20.509 - Formula Grants for Rural Areas and Tribal Transit Program			24,369,039	21,226,418
Public Transportation Research, Technical Assistance, and Training	20.514		36,139	34,423
Public Transportation Innovation	20.530		238,075	231,547
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		315,118	251,514
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		14,448	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		140,765	-
PHMSA Pipeline Safety Program One Call Grant	20.721		276,148	11,500
National Infrastructure Investments	20.933		4,374,789	-
<i>Highway Planning and Construction Cluster</i>				
COVID-19 - Highway Planning and Construction	20.205		12,554,768	-
Highway Planning and Construction			286,813,846	14,298,438
Total 20.205 - Highway Planning and Construction			299,368,614	14,298,438
Recreational Trails Program	20.219		927,577	495,698
<i>Total Highway Planning and Construction Cluster</i>			300,296,191	14,794,136
<i>Federal Motor Carrier Safety Assistance Cluster</i>				
Motor Carrier Safety Assistance	20.218		1,281,869	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		251,756	-
<i>Total Federal Motor Carrier Safety Assistance Cluster</i>			1,533,625	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
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Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (continued)				
<i>Federal Transit Cluster</i>				
Federal Transit Capital Investment Grants	20.500		143,250	143,250
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		4,069,759	4,069,759
<i>Total Federal Transit Cluster</i>			<u>4,213,009</u>	<u>4,213,009</u>
<i>Transit Services Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		108,403	108,403
<i>Total Transit Services Programs Cluster</i>			<u>108,403</u>	<u>108,403</u>
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600		1,584,913	889,626
Incentive Grant Program to Prohibit Racial Profiling	20.611		20,247	19,218
National Priority Safety Programs	20.616		2,027,972	507,677
<i>Total Highway Safety Cluster</i>			<u>3,633,132</u>	<u>1,416,521</u>
Total U.S. Department of Transportation			<u>346,953,774</u>	<u>43,004,813</u>
U.S. Department of Treasury				
Equitable Sharing	21.016		5,846	-
COVID-19 - Coronavirus Relief Fund	21.019		71,150,217	8,618,582
COVID-19 - Emergency Rental Assistance Program	21.023		147,111,079	120,055,046
COVID-19 - Homeowner Assistance Fund	21.026		18,118,399	18,078,129
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		101,600,659	87,035,911
Total U.S. Department of Treasury			<u>337,986,200</u>	<u>233,787,668</u>
U.S. General Services Administration				
Donation of Federal Surplus Personal Property	39.003		282,589	-
Total U.S. General Services Administration			<u>282,589</u>	<u>-</u>
U.S. Institute of Museum and Library Service				
Grants to States	45.310		3,001,459	87,549
Total U.S. Institute of Museum and Library Service			<u>3,001,459</u>	<u>87,549</u>
U.S. Small Business Administration				
State Trade Expansion	59.061		258,919	176,105
Total U.S. Small Business Administration			<u>258,919</u>	<u>176,105</u>
U.S. Department of Veterans Affairs				
Post-9/11 Veterans Educational Assistance	64.028		98,782	-
Total U.S. Department of Veterans Affairs			<u>98,782</u>	<u>-</u>
U.S. Environmental Protection Agency				
State Indoor Radon Grants	66.032		138,036	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		331,582	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040		208,829	121,268

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
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Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Environmental Protection Agency (continued)				
Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program	66.042		103,609	-
Multipurpose Grants to States and Tribes	66.204		31,206	-
Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)	66.442		573	-
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.444		115,000	-
Water Quality Management Planning	66.454		103,153	40,000
Regional Wetland Program Development Grants	66.461		314,025	-
Lake Champlain Basin Program	66.481		4,036,113	750,273
Performance Partnership Grants	66.605		4,795,313	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		1,050	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		406,241	-
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		39,419	-
Pollution Prevention Grants Program	66.708		29,697	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		122,922	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804		234,131	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		548,224	-
Solid Waste Management Assistance Grants	66.808		21,564	18,177
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		120,027	-
State and Tribal Response Program Grants	66.817		689,924	20,000
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		110,102	108,577
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Funds	66.458		9,136,937	8,768,189
<i>Total Clean Water State Revolving Fund Cluster</i>			9,136,937	8,768,189
<i>Drinking Water State Revolving Fund Cluster</i>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468		12,134,147	9,633,299
<i>Total Drinking Water State Revolving Fund Cluster</i>			12,134,147	9,633,299
Total U.S. Environmental Protection Agency			33,771,824	19,459,783
U.S. Department of Energy				
State Energy Program	81.041		538,430	258,473
Weatherization Assistance for Low -Income Persons	81.042		1,829,494	1,754,862
State Heating Oil and Propane Program	81.138		4,277	-
Total U.S. Department of Energy			2,372,201	2,013,335
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		937,552	765,939
Title I Grants to Local Educational Agencies	84.010		36,858,720	36,086,711
Migrant Education State Grant Program	84.011		470,756	338,575

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
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Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued)				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		5,140	5,140
Career and Technical Education -- Basic Grants to States	84.048		4,508,541	3,917,955
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		16,612,615	-
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		22,162	-
Special Education-Grants for Infants and Families			1,963,688	8,636
Total 84.181 - Special Education-Grants for Infants and Families			1,985,850	8,636
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		362,994	-
Education for Homeless Children and Youth	84.196		154,777	105,075
Twenty-First Century Community Learning Centers	84.287		5,103,086	4,839,878
Rural Education	84.358		34,110	32,290
English Language Acquisition State Grants	84.365		433,347	295,141
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		8,695,679	8,207,501
Grants for State Assessments and Related Activities	84.369		3,205,772	-
School Improvement Grants	84.377		109,910	109,910
Disability Innovation Fund (DIF)	84.421		833,639	-
Student Support and Academic Enrichment Program	84.424		5,246,944	4,949,623
<i>Education Stabilization Fund</i>				
COVID-10 - Governor's Emergency Education Relief (GEER) Fund	84.425C		1,149,313	1,142,107
COVID-10 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		64,449,584	59,796,602
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program	84.425R		2,549,149	33,535
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		3,090,370	2,706,596
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	84.425W		124,917	118,229
Total 84.425 - Education Stabilization Fund			71,363,333	63,797,069
Randolph-Sheppard – Financial Relief and Restoration Payments	84.426		45,326	-
<i>Special Education Cluster (IDEA)</i>				
COVID-19 - Special Education Grants to States	84.027		630,705	630,705
Special Education Grants to States			31,895,515	27,748,085
Total 84.027 - Special Education Grants to States			32,526,220	28,378,790
COVID-19 - Special Education Preschool Grants	84.173		44,737	44,737
Special Education Preschool Grants			692,595	499,780
Total 84.173 - Special Education Preschool Grants			737,332	544,517
Total Special Education Cluster (IDEA)			33,263,552	28,923,307
Total U.S. Department of Education			190,456,643	152,607,750

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
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Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003		12,561	-
Total National Archives and Records Administration			12,561	-
U.S. Election Assistance Commission				
Help America Vote Act Requirements Payments	90.401		406,405	-
COVID-19 - 2018 HAVA Election Security Grants	90.404		50,024	-
2018 HAVA Election Security Grants			524,650	-
Total 90.404 - 2018 HAVA Election Security Grants			574,674	-
Total U.S. Election Assistance Commission			981,079	-
U.S. Northern Border Regional Commission				
Northern Border Regional Development	90.601		1,157,012	906,379
Total U.S. Northern Border Regional Commission			1,157,012	906,379
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		23,799	23,799
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		21,584	21,584
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			5,124	5,124
Total 93.042 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			26,708	26,708
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		126,729	126,729
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		38,360	38,000
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		109,957	109,957
National Family Caregiver Support, Title III, Part E			1,050,860	627,273
Total 93.052 - National Family Caregiver Support, Title III, Part E			1,160,817	737,230
Public Health Emergency Preparedness	93.069		5,754,969	85,690
Environmental Public Health and Emergency Response	93.070		1,635,107	274,476
Medicare Enrollment Assistance Program	93.071		87,677	87,677
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		109,579	-
Guardianship Assistance	93.090		197,013	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		145,821	34,732
Food and Drug Administration Research	93.103		1,044,761	28,296
Maternal and Child Health Federal Consolidated Programs	93.110		1,185,868	580,942
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		93,055	-
Emergency Medical Services for Children	93.127		41,064	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		146,837	49,585
Injury Prevention and Control Research and State and Community Based Programs	93.136		4,644,094	1,855,336

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
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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)				
Projects for Assistance in Transition from Homelessness (PATH)	93.150		316,356	316,356
COVID-19 - Rural Health Research Centers	93.155		696,710	696,710
Grants to States for Loan Repayment	93.165		172,500	172,500
Disabilities Prevention	93.184		10,962	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		464,727	-
Traumatic Brain Injury State Demonstration Grant Program	93.234		17,220	12,539
State Rural Hospital Flexibility Program	93.241		313,497	166,572
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		3,812,044	2,387,830
Early Hearing Detection and Intervention	93.251		207,242	205,085
COVID-19 - Immunization Cooperative Agreements	93.268		12,008,626	4,023,140
Immunization Cooperative Agreements			9,312,713	-
Total 93.268 - Immunization Cooperative Agreements			21,321,339	4,023,140
Viral Hepatitis Prevention and Control	93.270		162,071	-
Small Rural Hospital Improvement Grant Program	93.301		175,729	161,506
Early Hearing Detection and Intervention Information System (EHD-IS) Surveillance Program	93.314		160,595	66,346
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		46,960,827	1,896,657
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			2,662,186	2,800
Total 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			49,623,013	1,899,457
State Health Insurance Assistance Program	93.324		279,940	276,190
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	93.334		297,206	-
Behavioral Risk Factor Surveillance System	93.336		633,608	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		177,292	30,044
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		355,082	-
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		265,694	-
ACL Independent Living State Grants	93.369		282,193	142,367
National and State Tobacco Control Program	93.387		1,130,683	185,917
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		1,522,075	732,526
The State Flexibility to Stabilize the Market Grant Program	93.413		141,177	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		1,784,939	602,549
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		547,661	53,543
ACL Assistive Technology	93.464		517,471	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525		329,537	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
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JUNE 30, 2022**

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)				
MaryLee Allen Promoting Safe and Stable Families Program	93.556		841,927	483,409
COVID-19 - Temporary Assistance for Needy Families	93.558		1,617,028	-
Temporary Assistance for Needy Families			33,253,150	-
Total 93.558 - Temporary Assistance for Needy Families			34,870,178	-
Child Support Enforcement	93.563		9,204,150	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		1,104,277	681,700
COVID-19 - Low -Income Home Energy Assistance	93.568		21,002,370	3,341,045
Low -Income Home Energy Assistance			24,295,474	4,700,416
Total 93.568 - Low -Income Home Energy Assistance			45,297,844	8,041,461
COVID-19 - Community Services Block Grant	93.569		1,843,989	1,707,787
Community Services Block Grant			3,794,033	3,614,728
Total 93.569 - Community Services Block Grant			5,638,022	5,322,515
State Court Improvement Program	93.586		171,201	-
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590		2,200	-
Community-Based Child Abuse Prevention Grants			211,529	211,529
Total 93.590 - Community-Based Child Abuse Prevention Grants			213,729	211,529
Grants to States for Access and Visitation Programs	93.597		101,111	99,510
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599		145,807	145,807
Chafee Education and Training Vouchers Program (ETV)			171,744	154,022
Total 93.599 - Chafee Education and Training Vouchers Program (ETV)			317,551	299,829
Head Start	93.600		155,036	-
Adoption and Legal Guardianship Incentive Payments	93.603		112,200	112,200
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630		495,981	62,551
Developmental Disabilities Basic Support and Advocacy Grants			23,589	-
Total 93.630 - Developmental Disabilities Basic Support and Advocacy Grants			519,570	62,551
Child Abuse and Neglect State Grants	93.669		36,739	-
Children's Justice Grants to States	93.643		23,350	22,448
COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	93.645		145,670	-
Stephanie Tubbs Jones Child Welfare Services Program			488,686	-
Total 93.645 - Stephanie Tubbs Jones Child Welfare Services Program			634,356	-
Foster Care Title IV-E	93.658		11,868,909	10,798
Adoption Assistance	93.659		13,297,332	1,936
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		952,558	293,209
Social Services Block Grant	93.667		7,510,566	973,986
Child Abuse and Neglect State Grants	93.669		152,043	100,000
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		903,663	779,680

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
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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 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		770,088	770,088
John H. Chafee Foster Care Program for Successful Transition to Adulthood			375,000	375,000
Total 93.674 - John H. Chafee Foster Care Program for Successful Transition to Adulthood			1,145,088	1,145,088
Elder Abuse Prevention Interventions Program	93.747		630,941	20,000
Children's Health Insurance Program	93.767		11,930,174	-
Opioid STR	93.788		4,042,967	2,955,603
Money Follows the Person Rebalancing Demonstration	93.791		2,770,259	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		884,802	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800		279,800	61,067
Maternal, Infant and Early Childhood Home Visiting Grant	93.870		1,559,926	1,517,891
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889		512,565	-
National Bioterrorism Hospital Preparedness Program			995,962	-
Total 93.889 - National Bioterrorism Hospital Preparedness Program			1,508,527	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		1,654,956	312,297
Grants to States for Operation of State Offices of Rural Health	93.913		162,260	45,063
HIV Care Formula Grants	93.917		894,197	-
HIV Prevention Activities Health Department Based	93.940		659,421	484,161
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		196,264	-
COVID-19 - Block Grants for Community Mental Health Services	93.958		104,459	94,832
Block Grants for Community Mental Health Services			1,435,982	1,231,284
Total 93.958 - Block Grants for Community Mental Health Services			1,540,441	1,326,116
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,351,209	1,561,588
Block Grants for Prevention and Treatment of Substance Abuse			6,674,898	4,377,002
Total 93.959 - Block Grants for Prevention and Treatment of Substance Abuse			9,026,107	5,938,590
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		1,523,671	125,120
COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health	93.982		623,567	623,567
Mental Health Disaster Assistance and Emergency Mental Health			471,619	-
Total 93.982 - Mental Health Disaster Assistance and Emergency Mental Health			1,095,186	623,567
Preventive Health and Health Services Block Grant	93.991		362,015	67,813
Maternal and Child Health Services Block Grant to the States	93.994		2,071,330	563,677
<i>Aging Cluster</i>				
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		654,717	654,717
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			2,071,019	2,071,019
Total 93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			2,725,736	2,725,736

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

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>Aging Cluster (continued)</i>				
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		1,572,184	1,572,184
Special Programs for the Aging, Title III, Part C, Nutrition Services			4,202,748	4,202,748
Total 93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services			5,774,932	5,774,932
Nutrition Services Incentive Program	93.053		770,589	770,589
<i>Total Aging Cluster</i>			9,271,257	9,271,257
<i>CCDF Cluster</i>				
COVID-19 - Child Care and Development Block Grant	93.575		23,102,742	8,094,541
Child Care and Development Block Grant			15,104,948	2,687,947
Total 93.575 - Child Care and Development Block Grant			38,207,690	10,782,488
COVID-19 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,559,332	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			6,337,817	-
Total 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund			7,897,149	-
<i>Total CCDF Cluster</i>			46,104,839	10,782,488
<i>Medicaid Cluster</i>				
State Medicaid Fraud Control Units	93.775		1,023,703	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		1,509,053	-
Medical Assistance Program	93.778		1,383,267,457	30,666,214
<i>Total Medicaid Cluster</i>			1,385,800,213	30,666,214
Total U.S. Department of Health and Human Services			1,721,221,774	99,483,150
U.S. Corporation for National Community Service:				
State Commissions	94.003		160,508	-
AmeriCorps	94.006		1,879,896	1,879,896
Training and Technical Assistance	94.009		158,047	-
Volunteers in Service to America	94.013		53,179	-
Total U.S. Corporation for National Community Service			2,251,630	1,879,896
U.S. Social Security Administration				
<i>Disability Insurance/SSI Cluster</i>				
Social Security Disability Insurance	96.001		7,576,718	-
Total Disability Insurance/SSI Cluster			7,576,718	-
Total U.S. Social Security Administration			7,576,718	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2022**

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security:				
Non-Profit Security Program	97.008		90,048	90,048
Boating Safety Financial Assistance	97.012		551,415	36,436
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		191,005	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		208,950,195	24,384,699
Hazard Mitigation Grant	97.039		482,083	416,836
National Dam Safety Program	97.041		46,246	-
Emergency Management Performance Grants	97.042		3,079,023	756,465
State Fire Training Systems Grants	97.043		21,021	-
Assistance to Firefighters Grant	97.044		61,754	-
BRIC: Building Resilient Infrastructure and Communities	97.047		1,047,264	971,355
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		(221,400)	-
Homeland Security Grant Program	97.067		4,031,896	1,002,569
Law Enforcement Officer Reimbursement Agreement Program	97.090		44,064	38,585
Total U.S. Department of Homeland Security			218,374,614	27,696,993
Total Expenditures of Federal Awards			\$ 3,467,613,237	\$ 670,806,163

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

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) 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, 2022. 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, 2022. 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, 2022

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule was prepared on the modified basis of accounting. Therefore, some amounts presented in the SEFA 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	\$	15,564,540
Federal-COVID-19		94,210,717
State		60,533,278
Total	\$	<u>170,308,535</u>

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.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

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	\$ 27,510,192
10.551	Supplemental Nutrition Assistance Program	141,844,509
10.555	National School Lunch Program	3,017,882
10.559	Summer Food Service Program for Children	81,788
10.565	Commodity Supplemental Food Program	610,272
10.569	Emergency Food Assistance Program (Food Commodities)	609,134
39.003	Donation of Federal Surplus Personal Property	282,589
93.268	Immunization Cooperative Agreements	7,234,739
		<u>\$ 181,191,105</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, 2022, \$6,977,903 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 2022, the state received cash rebates from infant formula manufacturers in the amount of \$1,319,815 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, 2022**

NOTE 9 DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

The State did not receive federally donated PPE during FY 2022.

NOTE 10 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	\$ 15,104,948
CCDF Mandatory and Matching	6,337,817
CCDF ARP Matching	1,559,332
CCDF Disaster Relief	-
CCDF CARES	245,324
CCDF CRRSA	8,045,134
CCDF ARP Supplemental	-
CCDF ARP Child Care Stabilization Funds	14,812,284
	\$ 46,104,839

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

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? | _____ x _____ | yes no |
| • Significant deficiency(ies) identified? | _____ x _____ | yes no |
| 3. Noncompliance material to financial statements noted? | _____ | yes x no |

Federal Awards

- | | | |
|---|-----------------|--|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ x _____ | yes no |
| • Significant deficiency(ies) identified? | _____ x _____ | yes 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)? | _____ x _____ | yes no |

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>10,402,840</u>	
Auditee qualified as low-risk auditee?	_____	yes x no

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Programs

Major Program	Assistance Listing	Opinion
Pandemic EBT Food Benefits	10.542	Unmodified
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Qualified
Military Construction, National Guard	12.400	Unmodified
Community Development Block Grant	14.228	Unmodified
Unemployment Insurance	17.225	Qualified
Emergency Rental Assistance	21.023	Unmodified
Homeowner Assistance Fund	21.026	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
DWSRF Cluster	66.468	Unmodified
Title I Grants to Local Educational Agencies	84.010	Unmodified
Special Education Cluster	84.027, 84.173	Qualified
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Unmodified
Education Stabilization Fund	84.425	Qualified
Immunization Cooperative Agreements	93.268	Unmodified
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Unmodified
Foster Care - Title IV-E	93.658	Unmodified
Children's Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings

Material Weakness in Internal Control Over Financial Reporting

Finding 2022-001 – Cash Reconciliations – Department of Liquor and Lottery, Division of Liquor Control

Repeat finding – No

Condition

The Department of Liquor and Lottery, Division of Liquor Control (Department) did not implement internal controls established for cash and credit card sales receipts.

Criteria

The Department has policies and procedures established for month-end bank reconciliations which require the reconciliation of total receipts and month-end cash amongst the following:

1. Bank Statement
2. Dynamics365 Point of Sale (POS) system
3. VISION Trial Balance (statewide accounting system)

Such reconciliations should be performed accurately and reviewed by the Financial Director (or designee) within thirty (30) days of month-end.

Context

Our tests of effectiveness of internal controls over cash and credit card revenues identified the following control deficiencies:

- Twenty-four (24) of twenty-four (24) monthly reconciliations tested did not include sufficient documentation to support the reconciliation of monthly receipts recorded in VISION to the POS system.
- Twenty (20) of twenty-four (24) monthly reconciliations tested were not supported by underlying source data, such as the bank statement or VISION trial balance.
- Three (3) of twenty-four (24) reconciliations reported month-end bank balances that did not agree to the respective bank statement.
- Three (3) of twenty-four (24) monthly reconciliations tested were not approved within thirty (30) days of month-end.

Effect

Evidence was not sufficient to indicate that monthly reconciliations were performed in accordance with established policies and procedures.

Cause

Internal controls over cash and credit card sales receipts were not properly implemented.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Recommendation

We recommend that policies and procedures are implemented to ensure that cash and credit card bank account reconciliations are performed in accordance with established policies and procedures. Additionally, we recommend sufficient documentation be maintained to support the performance of the reconciliations in accordance with established policies and procedures.

Views of Responsible Officials and Planned Corrective Action

During FY22, the Accounting Office of the Department of Liquor and Lottery (DLL) experienced unusual staff shortages, which affected our implementation of appropriate internal controls over cash and credit card sales receipts. Now that DLL Accounting is fully staffed, we are able to and have been implementing the appropriate internal controls outlined in Liquor Control's policies and procedures for month end cash and credit card bank account reconciliations, which includes further documentation for its review and accuracy as follows:

- 1) Monthly reconciliations tested will include sufficient documentation to support the reconciliation of monthly receipts recorded in VISION to the bank deposits and transfers. Documentation will include: VT_AR_Transactions, for the period date range (first day of the month to the last day of the month), bank activity detail for date range and respective Bank Statement.
- 2) Monthly reconciliations will be appropriately recorded and reconcile to the respective month-end bank balances derived from the respective bank statements.
- 3) Monthly reconciliations will be reviewed and approved by the Financial Director within thirty (30) days of month-end.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control Over Financial Reporting

Finding 2022-002 – Financial Close and Reporting –Department of Labor

Repeat finding – Yes, 2021-001

Condition

VDOL has not implemented the necessary internal controls to report the Unemployment Compensation Trust Fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

Criteria

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 GAAP presentation. The final GAAP financial statement is submitted to the Department of Finance and Management for inclusion in the statewide Annual Comprehensive Financial Report.

Context

Revenues and accounts receivable from reimbursable and contributory employers reported in the initial draft 2022 GAAP financial statements of the Unemployment Compensation Trust Fund were not supported by related source records maintained in systems outside of VDOL's delegated accounting system. VDOL was unable reconcile the financial statement balances to the source records and subsequently requested third-party assistance to perform the reconciliations as well as propose the journal entries necessary for GAAP financial statement presentation.

Material journal entries were required to properly present the Unemployment Compensation Trust Fund in accordance with GAAP. Such entries included a reduction of accounts receivable of \$21.3 million as well as a reduction of employer revenues of \$23.4 million. It was also determined that several data reports generated from the source records to substantiate the receivables and revenues were produced incorrectly and were reprogrammed to facilitate audit testing.

Effect

Reimbursable employer revenues and receivables were materially overstated, and the State recorded adjustments to correct the errors.

Cause

VDOL's internal controls over financial reporting were not in place to ensure its financial statements were presented in accordance with GAAP. The internal controls also did not ensure proper substantiation of the balances reported in the financial statements.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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.

Views of Responsible Officials and Planned Corrective Action

The Department acknowledges and accepts this finding. This is a repeat finding from last year's ACFR audit.

In March 2022, during the fiscal year under review, the Department lost both the unemployment insurance finance manager and the senior finance administrator within the cashiers unit of the Unemployment Insurance Division, the only two full time positions within that unit. Both individuals had been with the Department for more than 10 years. In previous years, the Department was able to rely on the expertise of our cashiers office staff and this shortfall did not present itself.

The Department is currently diligently working to replace the finance manager position. In the meantime, the Department is working to conduct a review of the functions, documentation, and internal controls of the unemployment insurance cashiers office to ensure that the program has the appropriate procedures and materials in place for proper financial reporting moving forward. The Department expects to conduct this review over the second half of fiscal year 2023.

In the meantime, the Department will explore other options to determine whether additional staff can be cross trained on the 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, 2022**

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control Over Compliance

Finding 2022-003 – Unemployment Claims Compliance – Department of Labor

Repeat finding – Yes, 2021-002

Condition

The Regular Unemployment Insurance program is administered by the Vermont Department of Labor (VDOL) and gives financial aid to unemployed individuals. In 2020, the federal government created new temporary unemployment insurance programs, including the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Insurance (PEUC), and the Federal Pandemic Unemployment Compensation (FPUC) program, to further help individuals who lost their jobs due to COVID-19. The COVID-19 pandemic significantly increased the unemployment rate nationally and in Vermont. Before the pandemic, the national unemployment rate was about 4% in January 2020 and about 3% in Vermont. By April 2020, the national unemployment rate, and the Vermont rate both increased to about 15%. While the State's unemployment rate declined to 2.2% percent in June 2022, the estimated unsupported claims and payments from these programs were significant to the State.

Criteria

The Regular Unemployment Insurance program is a joint program between federal and state governments. In Vermont, individuals must meet several criteria to qualify for Regular Unemployment benefits. State law requires individuals to be monetarily entitled to receive unemployment insurance, meaning they must have received the minimum qualifying amount of wages of \$2,999 from insured employment in one quarter of their base period, and the total of the three remaining quarters in their must equal or exceed 40% of the highest quarter earnings in the base period. The new federal programs established during the pandemic had fewer verification requirements than the State's Regular Unemployment Insurance program. For example, in April 2020, the United States Department of Labor (USDOL) stated that PUA claimants did not need to provide proof of employment or self-employment to qualify for PUA, nor did PUA consider the individual's principal source of income as part of the self-certification process. On December 27, 2020, Congress amended the law to require claimants to provide documentation to substantiate their employment or self-employment to be eligible to receive PUA. The Department should have required all PUA claimants, including those who previously received PUA payments, to provide employment/self-employment documentation as required by USDOL. The PUA program ended September 4, 2021.

Context

Tests of effectiveness over controls surrounding PUA claims identified that thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support.

Effect

VDOL paid a significant amount of unsupported claims through the unemployment insurance program as a result of the COVID-19 pandemic. Claims were paid without the required wage support documentation and without review by the Department as required by USDOL.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

Section II – Financial Statement Findings (Continued)

Cause

VDOL was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds that continued throughout fiscal year 2022.

Recommendation

We recommend the State and VDOL perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to its risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Views of Responsible Officials and Planned Corrective Action

The Department acknowledges and accepts this finding, and as this is a repeat finding from last year's ACFR audit, the Department maintains the same response and corrective action plan.

The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the unemployment insurance program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens.

It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months after the start of the PUA program that Congress passed legislation that required documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

The Department acknowledges that the lack of the ability to review claimant financial eligibility may have resulted in improper payments. It is important to point out that UIPL 16-20, Change 4 was issued on January 8, 2021, providing no time for UI programs to implement the required changes while still continuing to provide vital economic assistance to tens of thousands of individuals. The only other recourse available to the Department at that time would have been to stop program payments from issuing until the new eligibility requirements were reviewed. This would have left claimants without benefits for months while the Department used our limited financial and staff resources to implement the necessary changes.

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. In calendar year 2022, the Department began the process of retroactively reviewing all PUA claims that were filed and paid after the date of UIPL 16-20, Change 4 to ensure that proper documentation was provided to ensure program eligibility. Where appropriate, claims are being placed into an overpayment status and collection efforts will ensue.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control Over Financial Reporting

Finding 2022-004 – Unemployment Claims Financial Reporting – Department of Labor

Repeat finding – Yes, 2021-003

Condition

The Vermont Department of Labor (VDOL) did not adequately document the implementation of internal controls over bank accounts utilized for claims disbursements.

Criteria

VDOL does not have written policies and procedures established for month-end reconciliations of claims disbursements bank accounts. 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 reconciled report should be available for review by the Financial Manager (or designee) within thirty (30) days of month-end.

Context

Tests of effectiveness over controls surrounding PUA claims, for the period July 1, 2021, through September 4, 2021, identified the following deficiencies in VDOL's bank reconciliation documentation:

- Thirty-eight (38) out thirty-eight (38) PUA claims samples were attached to bank reconciliations that had no evidence of preparer and reviewer sign offs.
- Ten (10) out of twelve (12) bank reconciliations tested were signed by neither a preparer nor a reviewer.
- One (1) out of twelve (12) bank reconciliations tested was not prepared and reviewed within 30 days of month end.

Effect

Documentation of the reconciliation of the claims disbursements bank accounts was not sufficient to indicate the reconciliations were performed in accordance with the established procedures of VDOL and best practices established by the Vermont State Treasurer's Office.

Cause

Reconciliations over the claims disbursements bank accounts were not properly implemented by VDOL and were not provided timely to the Vermont State Treasurer's Office for review in fiscal year 2022.

Recommendation

We recommend that policies and procedures are implemented to ensure that claims disbursements bank account reconciliations are performed in accordance with established policies, procedures and best practices. Additionally, we recommend sufficient documentation be maintained to support the performance of the reconciliations in accordance with established policies and procedures and that such documentation is reviewed by VDOL timely.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Views of Responsible Officials and Planned Corrective Action

The Department acknowledges and accepts this finding. This is a repeat finding from last year's ACFR audit.

As we mentioned in last year's audit response, the Department was forced to forgo certain best practices throughout the pandemic period due to limited resources and the need to ensure that the Department prioritized people over process and the payment of benefits during a global health and financial crisis.

Unfortunately, the Department lost the only two staff members trained in this function during this fiscal year as both our financial manager and financial administrator left the Department of Labor. Due to the limited resources available (the UI cashiers office typically consists of two full-time positions), the Department had to ensure that other duties were prioritized over end of month reconciliation reports. Unfortunately, despite exhaustive attempts, the Department was unable to replace the financial manager position throughout the remainder of the fiscal year under review.

Once the Department is fully staffed in the cashiers unit, the Department will be able to reintroduce end of month account reconciliations. In the meantime, the Department will explore other options to determine whether additional staff can be trained in end of moth account reconciliation.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Significant Deficiency in Internal Control Over Financial Reporting

Finding 2022-005 –Bank Reconciliations– Agency of Natural Resources

Repeat Finding - No

Condition

The Agency of Natural Resources (Agency) did not adequately implement reconciliation controls over one of its bank statements.

Criteria

The Agency maintains a delegated Volkswagen Environmental Mitigation bank account outside of the core bank accounts maintained by the Office of the State Treasurer. The Office of the State Treasurer requires the Agency to complete and submit a June 30th bank account reconciliation to the State's trial balance in VISION, along with supporting documentation, in a timely manner.

Context

The June 30th cash balance of the Volkswagen Environmental Mitigation bank account did not reconcile to VISION. We noted a discrepancy between the June 30th bank and VISION balances of \$4.3M as part of our cash testing. The bank reconciliation completed by the Agency noted no such discrepancy.

Effect

Cash and revenue were understated in VISION. As a result, the State recorded an adjustment of \$4.3M to correct the understatement.

Cause

Reconciliations over the bank account to VISION were not properly implemented.

Recommendation

We recommend that policies and procedures are implemented to ensure that the bank account reconciliations are performed in accordance with the guidelines established by the Office of the State Treasurer. Additionally, we recommend sufficient documentation be maintained to support the accurate performance of the reconciliations.

Views of Responsible Officials and Planned Corrective Action

It is important to note that the actual cash was drawn into the account based on a DEC request but the transactions to record it in Vision, as noted here, is what did not occur. This occurred during a staffing shortage we have been suffering for the past twenty-four months and specifically in the position that was historically performing this bank reconciliation. When we performed the bank reconciliations in FY22, there was a misunderstanding as to which queries in the State of Vermont's Vision Accounting System that needed to be run in order to balance Vision to the Bank Statement. The Vision query that we were using turned out to be a query that represented just the download of the bank statement that the Treasurer's Office was uploading into Vision and did not actually contain information from Vision related accounting entries. This meant that we were essentially balancing the bank account against the bank account and not the bank account against Vision entries.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

While we did have a written SOP for the reconciliation of this bank account, it is missing “job aid” details. We now are clear on which queries need to be run in Vision to ensure we are balancing the bank account to Vision going forward and we will update this SOP with these details so this error does not reoccur in the future regardless of staff turnover.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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	2022-006	X		X	Reporting - FFATA
Child Nutrition Cluster	USDA (10)	10.553, 10.555, 10.556, 10.559, 10.582	2022-007	X		X	Special Tests and Provisions - Accountability for USDA-Donated Foods
Child Nutrition Cluster	USDA (10)	10.553, 10.555, 10.556, 10.559, 10.582	2022-008		X	X	Reporting
Military Construction, National Guard	DEF (12)	12.400	2022-009		X	X	Reporting
Community Development Block Grant	HUD (14)	14.228	2022-010		X	X	Subrecipient Monitoring
Community Development Block Grant	HUD (14)	14.228	2022-011		X	X	Reporting - FFATA
Unemployment Insurance	U.S. DOL (17)	17.225	2022-012	X		X	Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2022-013	X		X	Eligibility
Unemployment Insurance	U.S. DOL (17)	17.225	2022-014		X	X	Special Tests and Provisions - UI Benefit Payments
Unemployment Insurance	U.S. DOL (17)	17.225	2022-015		X	X	Special Tests and Provisions - RESEA
Unemployment Insurance	U.S. DOL (17)	17.225	2022-016		X		Allowable Costs / Cost Principles
Unemployment Insurance	U.S. DOL (17)	17.225	2022-017		X	X	Period of Performance
Coronavirus Relief Fund, Emergency Rental Assistance, Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.019, 21.023, 21.027	2022-018		X		Reporting - SEFA
Homeowner Assistance Fund	TREAS (21)	21.026	2022-019		X	X	Cash Management
Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.027	2022-020		X	X	Allowable Costs / Cost Principles
Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.027	2022-021		X	X	Subrecipient Monitoring
Title I Grants to Local Educational Agencies	U.S. DOE (84)	84.010	2022-022		X	X	Reporting
Title I Grants to Local Educational Agencies	U.S. DOE (84)	84.010	2022-023		X	X	Reporting - FFATA
Unemployment Insurance, Title I Grants to Local Educational Agencies, Special Education Cluster	U.S. DOL (17), U.S. DOE (84)	17.225, 84.010, 84.027, 84.173	2022-024		X	X	Cash Management
Special Education Cluster	U.S. DOE (84)	84.027, 84.173	2022-025	X		X	Reporting - FFATA
Education Stabilization Fund	U.S. DOE (84)	84.425C,D	2022-026	X		X	Special Tests and Provisions – Participation of Private School Children
Education Stabilization Fund	U.S. DOE (84)	84.425C,D,R,U	2022-027		X	X	Cash Management
Education Stabilization Fund	U.S. DOE (84)	84.425C,R	2022-028		X	X	Equipment/Real Property Management

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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		
Education Stabilization Fund	U.S. DOE (84)	84.425C,D,U	2022-029		X	X	Reporting - FFATA
Immunization Cooperative Agreements	U.S. HHS (93)	93.268	2022-030		X	X	Allowable Costs
Immunization Cooperative Agreements	U.S. HHS (93)	93.268	2022-031		X	X	Reporting - FFATA
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2022-032		X	X	Reporting
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2022-033		X	X	Reporting - FFATA
Foster Care - Title IV-E	U.S. HHS (93)	93.658	2022-034		X	X	Eligibility
CHIP	U.S. HHS (93)	93.767	2022-035		X	X	Eligibility
CHIP, Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2022-036	X		X	Special Tests and Provisions - Provider Eligibility
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2022-037	X		X	Special Tests and Provisions - Provider Health and Safety Standards
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2022-038	X		X	Reporting - FFATA
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2022-039		X	X	Special Tests and Provisions - Medical Loss Ratio

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-006
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Agency: Agency of Education (Agency)
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: 4VT300307 (2020-2022), 4VT310307 (2020-2022),
4VT308907 (2022-2023)
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 \$30,000,000 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, 2022**

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 accurately and/or timely to FSRS.

Context:

40 subawards were selected for testing and many of these subawards were amended several times for a total of 370 transactions tested. Specifically, the following exceptions were noted:

- 6 of 40 original subawards were not reported to FSRS.
- 50 of 330 amendments were not reported to FSRS.
- 10 of 40 original subawards were not reported timely to FSRS.
- 35 of 330 subaward amendments were not reported timely to FSRS.
- 1 of 40 subawards reported an incorrect original subaward amount to FSRS.
- 85 of 330 subaward amendments reported an incorrect amount to FSRS. When reporting the amendments, the Agency frequently reported the cumulative subaward amount rather than only the current amendment amount which overstated the total amount reported for these subawards.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
370: 40 original subawards and 330 amendments	56	45	86	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$27,249,128	\$7,290,655	\$3,005,485	\$31,621,315	\$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, 2022**

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

Reference Number: 2022-007
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Agency: Agency of Education (Agency)
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: 4VT300307 (2020-2022), 4VT310307 (2020-2022), 4VT308907 (2022-2023)
Compliance Requirement: Special Tests and Provisions – Accountability for USDA-Donated Foods
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Distributing and sub distributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods, and the agency, processor, or entity may be required to pay USDA the value of the food or replace it in kind (7 CFR sections 250.16(a)(6) and 250.15(c)).

Distributing and sub distributing agencies shall take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility's inventory records and maintained on file by the agency that contracted with or maintained the storage facility. Corrective action shall be taken immediately on all deficiencies and inventory discrepancies and the results of the corrective action forwarded to the distributing agency (7 CFR section 250.14(e)).

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) acts as the State distributing agency for the USDA donated foods. Commodities received by the Agency are ultimately distributed to participating School Food Authorities (SFA) throughout the State of Vermont. Errors were detected in the Agency's reconciliation process for USDA-Donated Foods.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

On an annual basis, the Agency enters into a \$0 contract with a third-party vendor to warehouse the brown box USDA foods once they are delivered to the State. The third-party vendor utilizes an inventory system, TRACS, to maintain inventory of the commodities in the warehouse and to track the distribution of donated foods to the SFAs. While the quantity of items is maintained in TRACS, the system does not track the value of the commodity items. The value of commodities and the number of commodity items are tracked through the USDA's Web Based Supply Chain Management (WBSCM) system. Annually, the Agency notifies each SFA of the value of their commodities received. On a quarterly basis, the Agency reconciles commodities recorded in TRACS and WBSCM.

Nine school reconciliations, including 58 products, were selected for testing. The following exceptions were noted:

- 31 of 58 products contained variances, but no follow-up on these variances was documented by the Agency.
- 2 of 9 school reconciliations contained an incorrect TRACS amount.
- For 9 of 9 school reconciliations, support could not be provided to demonstrate that the reconciliations performed were complete and accurate.

Cause:

The Agency's procedures were not sufficient to ensure that reconciliations of the WBSCM and TRACS systems was performed accurately. Internal controls did not detect or prevent the errors.

Effect:

The Agency may not be accurately reporting the value of commodities received to the SFAs. In addition, variances may exist between TRACS and WBSCM that may not be identified and counted in a timely manner.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance its procedures and internal controls regarding quarterly WBSCM to TRACS reconciliations to ensure that the reconciliations are complete and accurate. We further recommend that variances identified during the reconciliation process are investigated and corrected timely.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-008
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Agency: Agency of Education (Agency)
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: 4VT300307 (2020-2022), 4VT310307 (2020-2022), 4VT308907 (2022-2023)
Compliance Requirement: Reporting – Financial Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: School Food Authorities (SFAs) and sponsors must submit monthly claims for reimbursement for meals and snacks served to eligible students within 60 days following the last day of the month covered by the claim (7 CFR sections 210.8, 220.11, 215.10, and 225.15(c)). The state agency has an additional 30 days to submit a consolidated report to FNS (7 CFR 210.5(d), 220.13(b)(2), 215.11(c)(2), and 225.8).

Each month's claim for reimbursement and all data used in the claims review process must be maintained on file. Accurate records must be maintained justifying all meals claimed and documenting that all Program funds were spent only on allowable Child Nutrition Program costs. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question. Records are required to be retained for a period of three years after submission of the final Claim for Reimbursement for the fiscal year.

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) did not retain all supporting documentation for several summary lines of the monthly FNS-10 reports and auditors were unable to verify that the reported amounts were accurate for these rows.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

Seven reports were filed for the three months which were selected for testing, consisting of 3 FNS-10 reports, 3 FNS-10 SSO reports and 1 FNS-418 report. For 2 of the 3 FNS-10 and FNS-10 SSO reports reviewed, detail supporting documentation provided to auditors for several summary rows did not agree to the amounts reported.

Specifically, we noted the following:

- FNS-10 SSO – August 2021: For 2 of 3 categories, detail reconciliations provided to auditors did not agree to the summary rows reported.
- FNS-10 – November 2021: For 4 of 8 categories, detail reconciliations provided to auditors did not agree to the summary rows reported.
- FNS-10 SSO – November 2021: For 2 of 3 categories, detail reconciliations provided to auditors did not agree to the summary rows reported.
- FNS-10 – November 2021: For 2 of 8 categories, detail reconciliations provided to auditors did not agree to the summary rows reported.

The Agency acknowledged that it had not retained detail reconciliations at the time of submission, and it provided revised reconciliations to auditors. Upon review, it was determined that several lines of the revised reconciliations did not agree to the submitted reports, therefore, auditors were unable to verify the accuracy of the reports filed for the reports.

Cause:

The Agency's procedures were not sufficient to ensure that it retained all required supporting documentation for FNS-10 and FNS-10 SSO reports filed during FY 2022; including retaining copies of reconciliations performed between detail and summary data. Internal controls did not detect or prevent the errors.

Effect:

Auditors were unable to verify the accuracy of portions of the FNS-10 and FNS-10 SSO reports filed.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance its procedures and internal controls regarding monthly financial reporting to ensure that all supporting documentation is retained and available for audit.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-009
Prior Year Finding: No
Federal Agency: Department of Defense
State Agency: Military Department
Federal Program: Military Construction, National Guard
Assistance Listing Number: 12.400
Award Number and Year: W912LN-20-2-2102 (FY2020)
W912LN-21-2-2101 (FY2021)
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The National Guard Bureau (NGB) Cooperative Agreement program operates on the basis that the grantee expends State government funds first and then submits request (vouchers) for reimbursement from NGB for allowable Cooperative Agreement (CA) costs. All approved CA agreement payments (to include Advances) made to the grantee by NGB are reimbursable payments. To process reimbursement payments the grantee shall provide an OMB Standard Form (SF) 271 - *Outlay Report and Request for Reimbursement for Construction Programs* with supporting documentation to the CA Program Manager. The supporting documentation will itemize the amount of funds expended and the corresponding grantee accounting classification to be reimbursed.

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:

Numerous reporting errors were noted on SF-271 reimbursement reports submitted by the Military Department (Department) for the Warfare School and Bennington projects. The amounts reported by cost category did not match supporting documentation and it was determined that budget amounts were reported as current expenditures instead of actual costs incurred to-date. Although individual line items were reported incorrectly, the total federal share requested was calculated correctly based on actual costs incurred to-date and reimbursements did not exceed the federal share of expenditures incurred.

Context:

Three monthly reports were reviewed for the Warfare School and two monthly reports were reviewed for Bennington. The following exceptions were noted:

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

Three monthly reports were reviewed for the Warfare School and two monthly reports were reviewed for Bennington. The following exceptions were noted:

Warfare School

- 9/30/2021: 5 of 9 report detail lines were reported incorrectly, using the budget amount instead of the required total costs to-date. Of the incorrectly reported lines, two were summary calculations.
- 11/30/2021: 5 of 9 report detail lines were reported incorrectly, using the budget amount instead of the required total costs to-date. Of the incorrectly reported lines, two were summary calculations.
- 3/31/2022: 4 of 9 report detail lines were reported incorrectly, using the budget amount instead of the required total costs to-date. Of the incorrectly reported lines, two were summary calculations.

Bennington

- 11/30/2021: 3 of 9 report detail lines were reported incorrectly, using the budget amount instead of the required total costs to-date. Of the incorrectly reported lines, two were summary calculations.
- 3/31/2022: 3 of 9 report detail lines were reported incorrectly, using the budget amount instead of the required total costs to-date. Of the incorrectly reported lines, two were summary calculations.

Questioned costs:

None noted. The Federal share requested was calculated correctly based on costs incurred to-date.

Cause:

The Department's procedures were not sufficient to ensure the SF-271 – *Outlay Report and Request for Reimbursement for Construction Programs* reports were submitted accurately. Internal controls did not prevent or detect the errors.

Effect:

Reporting the budget amount instead of actual costs incurred on detail report lines results in an overstatement of project costs incurred as of the report date. Further, reporting errors could result in an incorrect calculation of the Federal share requested for reimbursement.

Recommendation:

We recommend the Department enhance its SF-271 policies and procedures to verify that detail line items agree with supporting documentation. The Department should also improve its internal controls to ensure that SF-271 reports have been prepared accurately prior to submission and that the Federal share of reimbursement requests are calculated correctly.

Views of responsible officials:

Management agrees with the finding.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

Reference Number: 2022-010
Prior Year Finding: No
Federal Agency: U.S. Department of Housing and Urban Development
State Agency: Agency of Commerce and Community Development
Federal Program: Community Development Block Grant
Assistance Listing Number: 14.228
Award Number and Year: B-20-DW-50-0001 (2020)
B-20-DC-50-0001 (2020)
B-21-DC-50-0001 (2021)
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 - Requirements for Pass-Through Entities states, in part, that all pass-through entities must:

- (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 - Audit Requirements 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;
 - (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).

- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

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, 2022**

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

Condition:

The State of Vermont Agency of Commerce and Community Development was not able to provide support that it ensured its subrecipients were audited as required by 2 CFR Part 200 Subpart F – Audit Requirements (Subpart F).

Context:

Exceptions were noted in three of eight subrecipients selected for testing:

- For three of eight subrecipients, the Agency was unable to provide support that it ensured the subrecipients were audited as required by Subpart F.

Questioned costs:

Undetermined.

Cause:

The Agency did not establish effective internal controls and procedures over subrecipient monitoring to ensure that it issued and monitored subawards in accordance with 2 CFR section 200.332.

Effect:

Failure to ensure subrecipients have obtained audits as required by Subpart F increases the risk that subrecipients may inappropriately spend and/or inaccurately track and report federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, or corrected on a timely basis.

Questioned costs:

Undetermined

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that an evaluation of independent audits is performed.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-011
Prior Year Finding: No
Federal Agency: U.S. Department of Housing and Urban Development
State Agency: Agency of Commerce and Community Development
Federal Program: Community Development Block Grant
Assistance Listing Number: 14.228
Award Number and Year: B-20-DW-50-0001 (2020)
B-20-DC-50-0001 (2020)
B-21-DC-50-0001 (2021)
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 \$30,000,000 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, 2022**

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

Condition:

The Agency of Commerce and Community Development was not in compliance with FSRS reporting requirements. Various subawards and subaward modifications were not reported to FSRS or inaccurately reported key data elements.

Context:

Three of eight subawards selected for testing were not in compliance with FFATA reporting requirements. The following exceptions were noted:

- 1 of 8 subawards were issued amendments to the original subaward, but the amendments were not reported to FSRS.
- 1 of 8 subawards were issued amendments to the original subaward, but the amendments were not reported accurately.
- 1 of 8 subawards reported the incorrect subaward obligation/action date (key data element).

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	1	0	1	1
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$6,892,560	\$25,000	\$0	\$180,000	\$498,000

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:

Subawards were not reported 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 timely and accurately 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, 2022**

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

Reference Number: 2022-012
Prior Year Finding: 2021-009
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI326301955A50 (5/20/2021 – 12/31/2021)
 UI340892055A50 (10/1/2019 – 12/31/2022)
 UI345252060A50 (1/1/2020 – 9/30/2022)
 UI347462055A50 (4/1/2021 – 6/30/2024)
 UI356792155A50 (10/1/2020 – 12/31/2023)
 UI357352155A50 (10/1/2020 – 9/30/2021)
 UI359762160A50 (1/1/2021 – 9/30/2023)
 UI372542255A50 (10/1/2021 – 12/31/2024)
 UI373112255A50 (10/1/2021 – 9/30/2022)
 UI380102260A50 (1/1/2022 – 9/30/2022)
 CARES Act PL 116-136 (3/13/2020 – 9/6/2021)
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). Per federal regulations, the ETA 191 should be submitted electronically to the National Office by the 25th of the month following the close of the quarter.

ETA 2112, UI Financial Transaction Summary (OMB No. 1205-0154) – A monthly summary of transactions, which account for all funds received in, passed through, or paid out of the state unemployment fund (ET Handbook 401). Per federal regulations, the ETA 2112 should be submitted electronically to the National Office by the 1st day of the second month following the close of the reporting month.

ETA 9130, Financial Status Report, UI Programs – All ETA grantees are required to submit quarterly financial reports for each grant award which they operate, including standard program and pilot, demonstration, and evaluation projects. Financial data is required to be reported cumulatively from grant inception through the end of each reporting period. A separate ETA 9130 is submitted for each of the following: UI, PEUC, and PUA Administration, DUA, TRA/RTAA, and UA Projects (administration and benefits).

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

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.

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 was not able to provide support that it had submitted required financial and performance reports by the due dates nor that reports had been reviewed and approved by an authorized State official prior to submission.

Questioned costs:

Undetermined.

Context:

We reviewed a sample of the ETA 191, ETA 2112 and ETA 9130 financial reports, a sample of the ETA 9050, ETA 9052 and ETA 9055 performance reports, and a sample of ETA 2208A special reports filed during FY 2022. The following exceptions were noted:

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

- ETA 191: 2 of 2 quarterly reports reviewed were submitted after the required due date. Reports for the quarters ending 9/30/2021 and 3/31/2022 were both submitted 23 days late. In addition, support could not be provided to document that the reports had been reviewed and approved prior to submission.
- ETA 2112: Support could not be provided that 4 of 4 reports reviewed were submitted by the required due date.
- ETA 9130: Reports for the 9/30/2021 and 3/31/2022 quarters were reviewed which included 11 individual grant reports for each quarter, or 22 reports in total. 1 of 11 grant reports for the 9/30/2021 quarter was submitted after the due date. The report was due on 11/14/2021 but was submitted on 11/17/2021, or 3 days late.
- 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.
- 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.
- ETA 2208A: 2 of 2 quarterly reports reviewed were submitted after the required due date. The report for the quarter ending 9/30/2021 was due by 10/30/2021 but was submitted on 11/10/2021, or 11 days late. The report for the quarter ending 3/31/2022 was due 4/30/2022 but was submitted on 6/17/2022, or 48 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:

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

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:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-013
Prior Year Finding: 2021-012
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: CARES Act PL 116-136 (3/27/2020 – 9/6/2021)
Compliance Requirement: Eligibility
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance – State Workforce Agencies (SWA) responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of federal laws and regulations; (2) determining the state UI tax structure; (3) collecting state UI contributions from employers (commonly called “unemployment taxes”); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program’s revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting state UC law that conforms with federal UC law. *UIPL No. 16-20* – The Consolidated Appropriations Act, 2021 (Pub. L. 116-260), enacted on December 27, 2020, included the Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) in Division N, Title II, Subtitle A. The Continued Assistance Act extended the PUA program and enacted several program integrity measures, including a requirement that all individuals receiving a PUA payment on or after December 27, 2020, submit documentation substantiating employment, self-employment, or the planned commencement of employment or self-employment. The PUA program ended September 6, 2021.

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).

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

Condition:

The Regular Unemployment Insurance program is administered by the Department of Labor (Department) and gives financial aid to unemployed individuals. In 2020, the federal government created new temporary unemployment insurance programs, including the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Insurance (PEUC), and the Federal Pandemic Unemployment Compensation (FPUC) program, to further help individuals who lost their jobs due to COVID-19. The COVID-19 pandemic significantly increased the unemployment rate nationally and in Vermont. Before the pandemic, the national unemployment rate was about 4% in January 2020 and about 3% in Vermont. By April 2020, the national unemployment rate, and the Vermont rate both increased to about 15%. While the State's unemployment rate declined to 2.2% percent in June 2022, the estimated unsupported claims and payments from these programs were significant to the State.

Questioned costs:

Undetermined.

Context:

Tests of effectiveness over controls surrounding PUA claims identified that thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support.

Cause:

The Department was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds that continued throughout fiscal year 2022.

Effect:

The Department paid a significant amount of unsupported claims through the unemployment insurance program as a result of the COVID-19 pandemic. Claims were paid without the required wage support documentation and without review by the Department as required by USDOL.

Recommendation:

We recommend the State and the Department perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to its risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Views of responsible officials:

The Department acknowledges and accepts this finding, and as this is a repeat finding from last year's ACFR audit, the Department maintains the same response and corrective action plan.

The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the unemployment insurance program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months after the start of the PUA program that Congress passed legislation that required documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

The Department acknowledges that the lack of the ability to review claimant financial eligibility may have resulted in improper payments. It is important to point out that UIPL 16-20, Change 4 was issued on January 8, 2021, providing no time for UI programs to implement the required changes while still continuing to provide vital economic assistance to tens of thousands of individuals. The only other recourse available to the Department at that time would have been to stop program payments from issuing until the new eligibility requirements were reviewed. This would have left claimants without benefits for months while the Department used our limited financial and staff resources to implement the necessary changes.

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. In calendar year 2022, the Department began the process of retroactively reviewing all PUA claims that were filed and paid after the date of UIPL 16-20, Change 4 to ensure that proper documentation was provided to ensure program eligibility. Where appropriate, claims are being placed into an overpayment status and collection efforts will ensue.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-014
Prior Year Finding: 2021-010
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: State UC, UCFE, and UCX (7/1/2021 – 6/31/2022)
Compliance Requirement: Special Tests and Provisions: UI Benefit Payments
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – The State Workforce Agency (SWA) is required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is DOL's quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is excepted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of statistically sound random samples to the universe of all claims paid and denied in a state. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt, and in-depth investigations to determine if the administration of the UC program is consistent with state and federal law (20 CFR section 602.21(d)).

As presented in the ET Handbook No. 395, the investigation involves a review of state agency records, as well as contacting the claimant, employers, and third parties (either in-person, by telephone, or by fax) to conduct new and original fact-finding related to all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to federal and state law as well as official policy. The following time limits are established for completion of all cases for the year. The "year" includes all batches of weeks ending in the calendar year.

Completion of Paid Claims Cases:

- a minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch;
- 95 percent of cases must be completed within 90 days of the week ending date of the batch;
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the calendar year.

Completion of Denied Claims Cases:

- a minimum of 60 percent of cases must be completed within 60 days of the week ending date of the batch;
- 85 percent of cases must be completed within 90 days of the week ending date of the batch;
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the Calendar Year.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

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 (Department) did not complete BAM case investigations within the time limits established in ET Handbook No. 395.

Questioned costs:

Undetermined.

Context:

Forty cases were selected for testing, of which 18 were Paid Claims and 22 were Denied Claims. We noted the following exceptions:

- The Department did not meet the required time limits for closing Paid Claims cases within 90 days. We noted that 83% of cases tested were closed within 90 days which is less than the required 95%.
- 2 of 40 cases were missing documentation of supervisory review and approval.

Cause:

The Department's procedures were not sufficient to ensure that BAM case investigations were completed within the time limits required by the program and that documentation was maintained. Internal controls did not prevent or detect the errors.

Effect:

Noncompliance with BAM case investigation time limits and documentation requirements could delay the detection and correction of inaccurate benefit payments and denied claims.

Recommendation:

We recommend that the Department review and enhance procedures and controls to ensure that BAM case investigations are completed timely, and that documentation of supervisory review and approval is maintained.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-015
Prior Year Finding: 2021-011
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI345252060A50 (1/1/2020 – 9/30/2022)
UI359762160A50 (1/1/2021 – 9/30/2023)
UI380102260A50 (1/1/2022 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions: UI Reemployment Programs:
RESEA
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The UI program serves as one of the principal “gateways” to the workforce system. It is often the first workforce program accessed by individuals who need workforce services. The WPRS and RESEA programs serve as UI’s primary programs that facilitate the reemployment needs of UI claimants.

WPRS, which is mandated by Section 303(j) of the Social Security Act, is designed to identify UI claimants who are most likely to exhaust their benefits and need reemployment assistance to return to work, and refer them to appropriate reemployment services, such as: job search and job placement assistance; counseling; testing; provision of occupational and labor market information; and assessments. WPRS provides reemployment services to selected claimants through an early intervention process. The number of individuals served under WPRS is determined by the state (and/or local areas) based on its capacity to serve these individuals. UIPL No. 41-94 provides guidance on WPRS requirements.

RESEA is authorized by Section 306 of the Social Security Act and builds on the success of RESEA’s predecessor, the former UI Reemployment and Eligibility Assessment (REA) program. RESEA uses an evidence-based integrated approach that combines an eligibility assessment for continuing UI eligibility and the provision of reemployment services. State administration of the RESEA is voluntary and under certain circumstances may be designed to also satisfy WPRS requirements. Operating guidance for the RESEA program is updated annually. UIPL 13-21 provides RESEA operating Guidance for FY 2021.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

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 did not retain documentation required by the RESEA program to verify compliance with federal program regulations. Controls were not working sufficiently to document that a staff member at the Department with knowledge of the program reviewed eligibility requirements prior to admission of participants to the RESEA program.

Questioned costs:

Undetermined.

Context:

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

- 5 of 60 samples selected were missing the Eligibility Review Questionnaire form and subsequently a lack of proper eligibility review and approval.
- 1 of 60 samples selected was missing a copy of the JobLink status and subsequently a lack of proper eligibility review and approval.
- 1 of 60 samples selected was missing documentation of adjudication.

Cause:

The Department’s procedures and internal controls are not sufficient to ensure compliance with RESEA requirements.

Effect:

Without clear documentation supporting a participant’s eligibility and supervisory review, it is possible that ineligible participants could receive benefits from the program.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include retention of documentation of each participant’s eligibility and review by a UI supervisor.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-016
Prior Year Finding: No
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI340892055A50 (10/1/2019 – 12/31/2022)
UI356792155A50 (10/1/2020 – 12/31/2023)
UI372542255A50 (10/1/2021 – 12/31/2024)
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, 2022**

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

Condition:

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

Questioned costs:

None noted. The costs were determined to be allowable.

Context:

For five of forty 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.

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:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-017
Prior Year Finding: No
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI372542255A50 (10/1/2021 – 12/31/2024)
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:

Costs were incurred and charged to the federal grant prior to the allowable start of the period of performance.

Questioned costs:

Below the reportable limit.

Context:

One of forty transactions was charged to the award before the allowable period of performance. The grant award start date was 10/1/2021 but a transaction dated 8/31/2021 in the amount of \$7,421 was charged to the award.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

Cause:

The Department of Labor's (Department's) procedures were not sufficient to ensure that expenditures charged to the program were incurred within the award's period of performance. Internal controls did not prevent or detect the error.

Effect:

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

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:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-018
Prior Year Finding: 2021-013
Federal Agency: Department of the Treasury
State Agency: Department of Finance and Management (Finance)
Federal Program: COVID-19 – Coronavirus Relief Fund
COVID-19 – Emergency Rental Assistance
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.019, 21.023, 21.027
Award Number and Year: SLT0049 (2020), SLT0083 (2020)
ERA0029 (2021), ERAE0054 (2021), ERAE1023 (2021)
SLFRP4407 (2021), SLFRP4563 (2021), SLFRP4453 (2021-
2022)
Compliance Requirement: Reporting: Schedule of Expenditures of Federal Awards
Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

Compliance: Per 2 CFR 200 Section 510(b), the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements which must include the total Federal awards expended as determined in accordance with Section 200.502. The schedule must list individual Federal programs by Federal agency and provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. The schedule must also include the total amount provided to subrecipients from each Federal program.

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:

Errors were detected in the Schedule of Expenditures of Federal Awards (SEFA) submitted to auditors, including errors in both total expenditures and the amount provided to subrecipients.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

Context:

The following SEFA reporting errors were noted during audit test work:

1. The amount provided to subrecipients under assistance listing 21.023 – Emergency Rental Assistance was understated by \$118.8 million, or 99%. The amount originally reported was \$1.3 million but during audit test work it was determined that this amount should have been \$120.1 million.
2. The amount provided to subrecipients under assistance listing 21.027 – Coronavirus State and Local Fiscal Recovery Funds was understated by \$77.3 million, or 89%. The amount originally reported was \$9.7 million but during audit test work it was determined that this amount should have been \$87 million.
3. Total expenditures reported under assistance listing 21.027 – Coronavirus State and Local Fiscal Recovery Funds were overstated by \$6.2 million, or 6%. The amount originally reported was \$107.8 million but during audit test work it was determined that this amount should have been \$101.6 million. The original reported amount included duplicate expenditures of approximately \$6 million.
4. The amount provided to subrecipients under assistance listing 21.019 – Coronavirus Relief Fund could not be verified. During the prior year’s audit, significant reporting errors were noted in the amount provided to subrecipients. During the current year’s audit, Finance indicated that it had not yet fully implemented the FY 2021 corrective action plan for this issue and, as a result, it was unable to verify the accuracy of the amount reported as provided to subrecipients during FY 2022.

Questioned costs:

Undetermined.

Cause:

Individual State agencies/departments prepare their own sections of the SEFA and submit them to Finance which compiles the State’s consolidated report. Procedures and internal controls were not sufficient to ensure that expenditures reported by Finance on the SEFA were accurate and were supported by detail expenditure transactions recorded in the State’s accounting system. On the initial SEFA submitted to auditors, approximately \$6 million had been duplicated in total expenditures under 21.027 - Coronavirus State and Local Fiscal Recovery Funds.

Payments to subrecipients under Emergency Rental Assistance and Coronavirus State and Local Fiscal Recovery Funds were improperly coded in the State’s accounting system which caused them to be excluded when the SEFA was initially prepared. Further, the prior year’s corrective action plan had not been fully implemented to allow Finance to verify the accuracy of the amount reported as provided to subrecipients under the Coronavirus Relief Fund during FY 2022.

Effect:

The amount provided to subrecipients was incorrectly reported on the SEFA submitted to auditors which effected testing of subrecipient monitoring for the programs.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Recommendation:

We recommend that Finance improve its SEFA compilation process to ensure that program expenditures and the amounts provided to subrecipients reported on the State's SEFA are complete and accurate.

We further recommend that Finance work with the State's agencies and departments to review and enhance procedures and controls to ensure that subrecipient payments are accurately recorded in the State's accounting system and that expenditure information submitted to Finance for inclusion on the State's SEFA is accurate and ties to detail expenditure transactions in the State's accounting system.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-019
Prior Year Finding: No
Federal Agency: Department of the Treasury
State Agency: Agency of Commerce and Community Development
Federal Program: COVID-19 – Homeowner Assistance Fund
Assistance Listing Number: 21.026
Award Number and Year: HAF0030 (5/3/2021 – 9/30/2026)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR 200.305(b)(9), interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

Per the U.S. Treasury's *Homeowner Assistance Fund (HAF) Frequently Asked Questions on Reporting Requirements*, Question 1.15, in accordance with 2 CFR 200.305(b)(9)(ii), HAF participants may retain up to \$500 in earned interest annually. Any additional interest must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

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:

HAF Program funds transferred to the Agency of Commerce and Community Development (Agency) by the U.S. Treasury were deposited into an interest-bearing account, but interest earned over \$500 per year was not remitted to the Department of Health and Human Services Payment Management System as required.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

The Agency received two deposits from the U.S. Treasury for the program, \$5,000,000 received on 8/27/2021 and \$45,000,000 received on 2/1/2022 after approval of the HAF Plan. Funds were deposited into an interest-bearing account, but interest earned on HAF funds was not calculated. As a result of the audit, the Vermont State Treasurer's Office calculated interest earned for the program during calendar year 2021 and calendar year 2022. Total interest earned in excess of \$500 per year is \$2,165 for 2021 and \$325,564 for 2022.

Cause:

The Agency did not develop sufficient procedures and internal controls to calculate interest earned on program funds and was unaware that it had earned interest in excess of \$500 per year which should have been remitted to the Department of Health and Human Services.

Effect:

The State of Vermont retained interest earned on program funds and did not remit earnings over \$500 per year to the Department of Health and Human Services as required.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency work with U.S. Treasury officials regarding resolution of this matter.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-020
Prior Year Finding: No
Federal Agency: 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: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

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:

Payments to subrecipients were incorrectly recorded in the Agency of Administration's (Agency's) accounting system as payments for Unemployment Compensation.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

Sixty payroll related expenditures were selected for testing, including two payments recorded as Unemployment Compensation. The two unemployment compensation payments were determined to be payments to subrecipients and were not payroll related. Although the payments, totaling \$652,937, were incorrectly charged as Unemployment Compensation in the Agency's accounting system, the costs were allowable subrecipient costs.

Cause:

The Agency's procedures and controls were not sufficient to ensure that payments were properly recorded in the accounting system. Data entry errors occurred when the accounts payable transactions were recorded for payment and supervisory review and approval of the transactions did not detect the errors.

Effect:

Program expenditures were improperly recorded in the Agency's accounting system. Failure to accurately record payments in the accounting system could lead to reporting errors, including incorrectly reporting payments to subrecipients.

Questioned costs:

None noted. Although the payments had been miscoded in the accounting system, the payments were allowable subrecipient costs.

Recommendation:

We recommend the Agency review and enhance procedures and internal controls to ensure that accounts payable transactions are properly recorded.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-021
Prior Year Finding: No
Federal Agency: 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 - Requirements for Pass-Through Entities states, in part, that all pass-through entities must:

- (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);

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:

Required federal award information was omitted from a subaward issued from the program.

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 charged to the program. Twelve subrecipients were selected for testing and the Department of Public Service (Department) issued a subaward to 1 of the 12 subrecipients. The Federal Award Identification Number (FAIN) was not included on this subaward.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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, 2022**

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

Reference Number: 2022-022
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listing Number: 84.010
Award Number and Year: S010A200045 (7/1/2020 – 9/30/2021)
S01A210045 (7/1/2021-9/30/2022)
Compliance Requirement: Reporting – Financial Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR 200.302, each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Recipients of U.S. Department of Education funds use the G5 system to simultaneously request cash reimbursements and report expenditures. The G5 system is in lieu of the SF-270 – Request for Advance or Reimbursement.

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 that the amount it had reported for drawdown in the G5 system was accurate and was supported by expenditures recorded in its accounting system and reported on the Schedule of Expenditures of Federal Awards (SEFA). The total draws by the Agency were less than the total expenditures on the SEFA.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

The Agency of Education (Agency) was unable to provide supporting documentation for the amount it had reported and drawn down in the G5 system for the program as compared to expenditures it had incurred and reported on the Schedule of Expenditures of Federal Awards (SEFA). Auditors noted the total reported draws were \$5.9 million (approximately 16%) less than expenditures reported on the SEFA. The Agency was unable to reconcile this variance.

Cause:

The Agency's procedures and internal controls were not sufficient to account for timing differences and ensure that cash draws were complete, accurate and tied to expenditures incurred in its accounting system as reported on the SEFA.

Effect:

Auditors were unable to verify that cash draws in the G5 system were complete, accurate and supported by documentation recorded in the Agency's accounting system.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures over financial reporting to ensure that cash draws requested in the G5 system are complete, accurate, and that supporting documentation is maintained and agrees with expenditures recorded in its accounting system.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-023
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listing Number: 84.010
Award Number and Year: S010A200045 (7/1/2020 – 9/30/2021)
S01A210045 (7/1/2021-9/30/2022)
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 \$30,000,000 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, 2022**

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

Condition:

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

Context:

Nineteen subawards were selected for testing and many of these subawards were amended several times for a total of sixty transactions tested. Specifically, the following exceptions were noted:

- 9 of 41 subaward amendments reported an incorrect amount to FSRS. When reporting the amendments, the Agency frequently reported the cumulative subaward amount rather than only the current amendment amount which overstated the total amount reported for these subawards.
- 1 of 41 amendments were not reported to FSRS.
- 1 of 19 original subawards were not reported timely to FSRS.
- 1 of 41 subaward amendments were not reported timely to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
60: 19 original subawards and 41 amendments	1	2	10	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$17,268,982	\$52,000	\$334,223	\$3,692,931	\$0

Note: Exceptions identified in Subaward Amount Incorrect are also duplicated in other columns.

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, 2022**

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

Reference Number: 2022-024

Prior Year Finding: No

Federal Agency: U.S. Department of Labor
U.S. Department of Education

State Agency: Department of Labor
Agency of Education
Department of Finance and Management

Federal Program: Unemployment Insurance
Title I Grants to Local Educational Agencies
Special Education Cluster

Assistance Listing Number: 17.225, 84.010, 84.027 and 84.173

Award Number and Year: UI340892055A50 (10/1/2019 – 12/31/2022)
UI356792155A50 (10/1/2020 – 12/31/2023)
UI372542255A50 (10/1/2021 – 12/31/2024)
S010A200045 (7/1/2020 – 9/30/2021),
S01A210045 (7/1/2021-9/30/2022)

H027A200098 (7/1/2020 – 9/30/2021), H173A200106 (7/1/2020
– 9/30/2021), H027A210098 (7/1/2021 – 9/30/2022),
H173A210106 (7/1/2021 – 9/30/2022)

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.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

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 Labor (Department) and the Agency of Education (Agency) were not in compliance with the funding techniques included in the State’ CMIA Treasury-State Agreement. Federal interest liabilities were improperly calculated on the CMIA Annual Report by the Department of Finance and Management (Finance) for Unemployment Insurance, Title I Grants to Local Educational Agencies, and the Special Education Cluster.

Context:

The following exceptions were noted when testing compliance with Cash Management:
Department of Labor

- The Department was not in compliance with the Prior Month Actual funding technique included in the State’s Treasury-State Agreement. The funding technique requires cash draws to occur on a monthly basis, however, the Department performed multiple cash draws during certain months and other cash draws were performed inconsistently with this funding technique. We noted that the Department did not perform cash draws early, therefore, there is no State interest liability for these exceptions.

Agency of Education

- The Agency was not in compliance with the funding techniques included in the State’s Treasury-State Agreement for the Title I Grants to Local Educational Agencies program and for the Special Education Cluster. The funding techniques for these programs required cash draws occur on a bi-weekly basis, or 26 times during the fiscal year. Instead, the Agency performed 11 cash draws on a random basis throughout the year.

Department of Finance and Management

- Finance is the responsible State agency for submission of the CMIA Annual Report. The interest liability for the Unemployment Insurance program was calculated incorrectly and since the Agency of Education failed to request funds timely in accordance with the Treasury-State Agreement, a federal interest liability should not have been calculated for the Title I Grants to Local Educational Agencies program nor for the Special Education Cluster. The following specific federal interest liability calculation errors were noted on the FY 2022 CMIA Annual Report:
 - \$448 for Unemployment Insurance should have been calculated as \$120.
 - \$17,067 for Title I Grants to Local Educational Agencies should have been \$0.
 - \$12,706 for the Special Education Cluster should have been \$0.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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

Cause:

The Agency's and Department'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 prepares the CMA Annual Report using data provided by the Agency and the Department. Finance's CMIA Annual Report procedures were not sufficient to ensure that it calculated federal interest liabilities for these programs only when the State was entitled to this interest. Internal controls did not detect these errors 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 and Department do 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 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:

Federal interest liabilities improperly calculated and included on the Annual Report:

- \$328 for Unemployment Insurance, the difference between the \$448 claimed and the allowable \$120.
- \$17,067 for Title I Grants to Local Educational Agencies
- \$12,706 for the Special Education Cluster

Recommendation:

We recommend the Agency and the Department review and enhance their 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, 2022**

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

Reference Number: 2022-025
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: Special Education Cluster
Assistance Listing Number: 84.027, 84.173
Award Number and Year: H027A200098 (FY2020)
H027A200098 - 20A (FY2021)
H173A200106 (FY2020)
H027A210098 (FY2021)
H027A210098 - 21A (FY2022)
H173A210106 (FY2021)
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 \$30,000,000 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, 2022**

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 amendments were not reported to FSRS, were not reported accurately, or were not reported timely.

Context:

Twenty-six subawards were selected for testing and many of these subawards were amended several times for a total of fifty-two transactions tested. Specifically, the following exceptions were noted:

- 19 of 26 subawards were not reported to FSRS. Of these exceptions, 18 subawards were subsequently reported to FSRS after auditors requested samples for testing.
- 26 of 26 amendments were not reported to FSRS.
- 6 of 19 original subawards were reported incorrectly when reported to FSRS.
- 6 of 19 original subawards were not reported timely to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
52: 26 original subawards and 26 amendments	45	6	6	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$21,485,688	\$19,411,062	\$2,019,466	\$2,602,626	\$0

Note: Exceptions identified in Subaward Amount Incorrect are also duplicated in other columns.

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:

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

Questioned costs:

None noted.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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 and subaward amendments are reported 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, 2022**

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

Reference Number: 2022-026
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: COVID-19 – Governor’s Emergency Education Relief (GEER) Fund
COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER)
Assistance Listing Number: 84.425C, 84.425D
Award Number and Year: S425D200011 (4/29/2020 – 9/30/2021)
S425D210011 (1/5/2021 – 9/30/2022)
S425C200009 (5/6/2020 – 9/30/2021)
S425C210009 (1/8/2021 – 9/30/2022)
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.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

For 12 of 12 LEAs selected for testing, the Agency was unable to provide support to validate that the 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.

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, 2022**

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

Reference Number: 2022-027
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: COVID-19 – Governor’s Emergency Education Relief (GEER) Fund
COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER)
COVID-19 – Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS)
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
Assistance Listing Number: 84.425C, 84.425D, 84.425R, 84.425U
Award Number and Year: S425D200011 (4/29/2020 – 9/30/2021)
S425D210011 (1/5/2021 – 9/30/2022)
S425C200009 (5/6/2020 – 9/30/2021)
S425C210009 (1/8/2021 – 9/30/2022)
S425U210011 (3/24/2021 – 9/30/2023)
S425R210033 (2/23/2021 – 9/30/2022)
S425W210047 (4/23/2021 – 9/30/2023)
S425V210033 (1/21/2021 – 9/30/2023)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR 200.302, each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

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 able to support that the amount it had drawn down for the program was accurate and was supported by expenditures recorded in its accounting system and reported on the Schedule of Expenditures of Federal Awards (SEFA.) The total draws by the Agency were less than the total expenditures on the SEFA.

Context:

The Agency of Education (Agency) was unable to provide supporting documentation for the amount it had drawn down for the program as compared to expenditures it had incurred and reported on the Schedule of Expenditures of Federal Awards (SEFA). Auditors noted that total draws were \$7.4 million (approximately 10%) less than expenditures reported on the SEFA. The Agency was unable to reconcile this variance.

Cause:

The Agency’s procedures and internal controls were not sufficient to account for timing differences and ensure that cash draws were complete, accurate and tied to expenditures incurred in its accounting system as reported on the SEFA.

Effect:

Auditors were unable to verify that cash draw population provided for testing was complete, accurate and supported by documentation recorded in the Agency’s accounting system.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures over cash management to ensure that cash draws are complete, accurate, and that supporting documentation is maintained and agrees with expenditures recorded in its accounting system.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-028
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: COVID-19 – Governor’s Emergency Education Relief (GEER) Fund
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS)
Assistance Listing Number: 84.425C, 84.425R
Award Number and Year: S425C200009 (5/6/2020 – 9/30/2021)
S425C210009 (1/8/2021 – 9/30/2022)
S425R210033 (2/23/2021 – 9/30/2022)
S425V210033 (1/21/2021 – 9/30/2023)
Compliance Requirement: Equipment/Real Property Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR section 200.313(b), a state must use, manage, and dispose of equipment acquired under a federal award in accordance with state laws and procedures.

Per 2 CFR section 200.313(d), procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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 unable to provide supporting documentation for equipment purchased with program funds. The Agency did not maintain an equipment ledger or track equipment in accordance with 2 CFR section 200.313.

Context:

When auditors conducted an initial risk assessment of the program, the Agency was unable to provide an equipment ledger or other supporting documentation of equipment purchased with program funds and, therefore, materiality could not be determined. The Agency conducted a manual assessment over all personal property/equipment purchased with federal program funding. This assessment determined that approximately \$78,000 of equipment was purchased using GEER funding. While this amount is immaterial to total funding dollars, materiality could only be determined due to the additional assessments performed.

Cause:

The Agency’s procedures and internal controls were not sufficient to ensure it maintained documentation of equipment purchased with program funds.

Effect:

Equipment purchased with program funds was not managed and accounted for in accordance with State laws and procedures and in accordance with 2 CFR section 200.313.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures over equipment to ensure that it purchases and records equipment purchased with program funds in accordance with State laws and procedures and in accordance with 2 CFR section 200.313.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-029
Prior Year Finding: 2021-018
Federal Agency: U.S. Department of Education
State Agency: Agency of Education (Agency)
Federal Program: COVID-19 – Governor’s Emergency Education Relief (GEER) 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: 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: 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 \$30,000,000 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, 2022**

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. Several subawards and subaward modifications were not reported to FSRS or were not reported timely.

Context:

Ten of thirty-two subawards selected for testing were not in compliance with FFATA reporting requirements. The following exceptions were noted:

- 2 of 32 subawards were not reported to FSRS.
- 5 of 32 subawards were issued amendments to the original subaward, but the amendments were not reported to FSRS.
- 2 of 32 subawards were not reported timely to FSRS.
- 1 of 32 subawards were issued amendments to the original subaward, but the amendments were not reported timely to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
32	7	3	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$41,072,014	\$4,209,169	\$6,044,315	\$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:

Subawards were not reported 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 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, 2022**

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

Reference Number: 2022-030
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Immunization Cooperative Agreements, COVID-19 -
Immunization Cooperative Agreements
Assistance Listing Number: 93.268
Award Number and Year: 19NH23IP922615 (7/1/2020 – 6/30/2024)
Compliance Requirement: Allowable Costs
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other
Matters

Criteria or specific requirement:

Compliance: Per 2 CFR section 200.403(a), except where otherwise authorized by statute, in order for a cost to be allowable under Federal awards it must be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

Per 2 CFR section 200.405, a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- (1) Is incurred specifically for the Federal award;
- (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

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 included an unallowable cost in an administrative cost pool which was allocated to the program.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

The Agency's Department of Health (Department) charged a settlement payment of \$3,891.30 related to a Superfund site lawsuit to an administrative cost pool, and a portion of this payment was allocated to the program. The allocated cost was not necessary or reasonable for the performance of the Federal award nor was it assignable in part to the Federal award as a cost necessary to the overall operation of the Department.

Cause:

The Agency's internal controls were not operating sufficiently to ensure that costs charged to an administrative cost pool were allowable and allocable per the requirements of 2 CFR sections 200.403 and 200.405.

Effect:

Unallowable costs were allocated to the program.

Questioned costs:

Undetermined, due to the distribution of costs through the Department's approved cost allocation plan.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that costs charged to administrative cost pools are allowable and allocable per 2 CFR sections 200.403 and 200.405.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-031
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Immunization Cooperative Agreements, COVID-19 -
Immunization Cooperative Agreements
Assistance Listing Number: 93.268
Award Number and Year: 19NH23IP922615 (7/1/2020 – 6/30/2024)
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 \$30,000,000 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, 2022**

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

Condition:

Subaward information was not reported to FSRS timely. The reporting deadline is no later than the last day of the month following the month in which a subaward is issued, but the Agency submitted reports after the due date.

Context:

Five of five subawards selected for testing were not reported timely to FSRS. Four of the five subawards tested were reported between 6 and 68 days late. One of the five subawards tested was issued in March 2022, but was not reported to FSRS until September 2022, or about five months after the due date.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	0	5	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,705,286	\$0	\$2,705,286	\$0	\$0

Cause:

The Agency’s internal controls were not operating sufficiently to ensure that subawards were reported timely to FSRS. For one of the exceptions noted, the late report was initially caused by a delay in the grantee obtaining a Unique Entity ID (UEI), however, the Agency failed to report the subaward timely after the grantee’s UEI became available.

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, 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, 2022**

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

Reference Number: 2022-032
Prior Year Finding: 2021-019
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number: 93.323
Award Number and Year: 19NU50CK000520 (8/1/2019 – 7/30/2022)
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Non-federal entities are required to submit quarterly Performance Measure Reports and Financial Reports, no later than 30 days after the end of each quarter, in accordance with the terms and conditions of the Federal award.

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 did not submit Performance Measure reports in a timely manner and documentation to support both Performance Measures and Financial reports was either missing or did not agree to submitted reports.

Context:

Performance Measure Reports: Reports for two quarters were selected for testing in which six performance reports were reviewed.

Financial Reports: Reports for two quarters were selected for testing in which ten financial reports were reviewed.

We noted the following exceptions:

- 2 of 6 Performance Measure Data Reports were not filed in a timely manner. One report was submitted 15 days late and another was submitted 64 days late.
- For 2 of 6 Performance Measure reports, supporting documentation could not be provided.
- For 1 of 10 Financial reports, supporting documentation provided for unliquidated obligations did not agree with the information reported. Support indicated that \$7,900 was unliquidated, but the amount reported was \$790.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Cause:

Procedures and controls were insufficient to ensure that supporting documentation was maintained and available for audit and that reports were filed accurately and timely. The reports are filed electronically, and the Agency did not maintain copies of all supporting documentation used to prepare Performance Measure reports. In addition, the Agency made a data entry error on one of the Financial reports and controls did not detect or prevent the error.

Effect:

Performance measure data reported for the program was untimely and unsupported with adequate documentation. The Agency reported the incorrect value of unliquidated obligations on one Financial report.

Questioned costs:

Undetermined due to a lack of supporting documentation.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required reports are filed accurately and timely and that supporting documentation is maintained and is available for audit.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-033
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number: 93.323
Award Number and Year: 19NU50CK000520 (8/1/2019 – 7/30/2022)
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 \$30,000,000 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, 2022**

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

Condition:

Subaward information was not reported to FSRS timely. The reporting deadline is no later than the last day of the month following the month in which a subaward is issued, but the Agency submitted several reports after the due date.

Context:

Four of five subawards selected for testing were not reported timely to FSRS. The subawards were issued in February 2022 and should have been reported no later than March 31, 2022, but they were all reported on April 22, 2022, which was 22 days after the due date.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	0	4	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$754,537	\$0	\$698,987	\$0	\$0

Cause:

The Agency’s internal controls were not operating sufficiently to ensure that subawards were reported timely to FSRS.

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, 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, 2022**

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

Reference Number: 2022-034
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Foster Care – Title IV-E
Assistance Listing Number: 93.658
Award Number and Year: 2101VTFOST (10/1/2020 – 9/30/2021)
2201VTFOST (10/1/2021 – 9/30/2022)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: A foster care provider, whether a foster family home or a child-care institution must be fully licensed by the proper State or tribal foster care licensing authority responsible for licensing such homes or child care institutions. The term “child care institution” as defined in 45 CFR section 1355.20 includes a private child care institution, or a public child care institution which accommodates no more than 25 children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but does not include detention facilities, forestry camps, training schools, or facilities operated primarily for the purpose of detention of children who are determined to be delinquent (42 USC 671(a)(10) and 672(c)). Effective October 1, 2010, the existing statutory definition of a child care institution includes a supervised setting in which an individual who has attained 18 years of age is living independently, consistent with conditions the Secretary establishes in regulations (42 USC 672(c)(2)).

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 all providers were fully licensed and determined eligible by the State foster care licensing authority to provide Foster Care services prior to issuance of payment for services provided to the program.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

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

- For 2 of 60 cases, the providers were unlicensed at the time payment was made. License packets contain the criminal background and child abuse registry checks, therefore these criteria were unable to be verified.
- For 1 of 60 cases, the Agency was unable to provide documentation that the provider had been determined eligible. The Federal Share paid to the provider was \$480.

Cause:

The Agency did not have sufficient controls in place to ensure that all providers were properly licensed and determined eligible to provide Foster Care services prior to issuance of payment.

Effect:

The Agency made payments to unlicensed providers, and it was unable to provide documentation that another provider was properly licensed and eligible to provide services prior to issuing payments using Foster Care funds.

Questioned costs:

Below the reportable limit.

Recommendation:

We recommend the Agency review its procedures and controls over the licensing of providers to ensure that it maintains documentation that all providers are fully licensed and eligible to provide services prior to paying for services using federal Foster Care funds.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-035
Prior Year Finding: 2021-023
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: 2005VT5021 (10/1/2019 – 9/30/2021)
2105VT5021 (10/1/2020 – 9/30/2022)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Eligibility is based on the application of modified adjusted gross income and household definition, in addition to other permissible eligibility standards, for example standards relating to geographic area, age (up to, but not including age 19), and insurance status. States are directed at 42 CFR 457.340(d) to determine eligibility promptly and without undue delay and 42 CFR 435.912(c)(3) states that the determination of eligibility may not exceed 45 days.

Over the course of the COVID-19 public health emergency, state Medicaid and CHIP agencies adopted many flexibilities offered by the Centers for Medicare and Medicaid Services (CMS) to respond effectively to local outbreaks, including changes to modify eligibility requirements and benefit packages. States have made policy, programmatic, and systems changes to respond effectively to COVID-19 including satisfying a “continuous enrollment condition” for most Medicaid and CHIP beneficiaries who were enrolled in the program as of or after March 18, 2020.

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 document that a participant had turned 19 during the year and should be removed from enrollment at the conclusion of the Public Health Emergency (PHE). It also did not complete eligibility determinations in a timely manner.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

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

- One of sixty participants selected for testing turned 19 during the fiscal year. Due to the “continuous enrollment condition” of the PHE, the participant could not be removed from enrollment, but the Agency did not document that the participant should be removed from enrollment at the conclusion of the PHE.
- For one of sixty participants, eligibility determination exceeded 45 days.

Cause:

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

Effect:

Failure to document that a participant should be removed from enrollment at the conclusion of the PHE could result in an ineligible participant receiving benefits from the program. Failure to complete eligibility determination timely could result in a delay in issuing benefits to participants.

Questioned costs:

Undetermined.

Recommendation:

We recommend that the Agency review and enhance procedures and controls for CHIP beneficiary eligibility determination to ensure that eligibility is determined promptly within federal requirements. We further recommend that participants who become ineligible during the PHE are documented in a timely manner to ensure that benefits to ineligible participants are properly terminated at the conclusion of the PHE.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-036
Prior Year Finding: 2021-022
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)
Medicaid Cluster
Assistance Listing Number: 93.767, 93.775, 96.777, 93.778
Award Number and Year: 2105VT5021 (10/1/2020 – 9/30/2021)
2205VT5021 (10/1/2021 – 9/30/2022)
2105VT5MAP (10/1/2020 – 9/30/2021)
2205VT5MAP (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions - Provider Eligibility
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: In order to receive Medicaid or CHIP payments, providers must: (1) be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid or CHIP programs (42 CFR sections 431.107, 447.10 and 457.900); and Section 1902(a)(9) of the Social Security Act (42 USC 396a(a)(9)); (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 part 455, subpart B, sections 455.100 through 455.106). Medicaid or 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 did not maintain documentation to support provider eligibility to participate in the Medicaid and CHIP programs. The provider eligibility requirement is administered by a 3rd-party that is required to determine and document the provider’s eligibility with the Agency’s requirements. License renewal information was not updated on a timely basis in the Provider Management Module (PMM).

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Context:

Sixty Medicaid and sixty CHIP providers were selected for testing. Specifically, we noted the following exceptions:

1. 2 of 60 Medicaid and 2 of 60 CHIP provider files did not have current license information in the PMM.
2. For 3 of 60 Medicaid providers, the State did not maintain proper documentation that revalidation occurred within the required 5-year time frame. These providers were due for revalidation prior to the onset of the Public Health Emergency.
3. Documentation was incomplete to support that 6 of 60 CHIP providers were compliant with Vermont State law that providers must be in good tax standing to receive Medicaid funding.

Cause:

The Agency did not adequately follow procedures regarding Medicaid and CHIP provider eligibility in accordance with federal program requirements. Internal controls did not detect or prevent the errors.

Effect:

The Agency was unable to support provider eligibility or consistent application of their internal control process. Failure to maintain complete provider files and ensure that provider licenses are kept current could allow program payments to be made to an ineligible and/or unlicensed provider.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review its procedures and controls to ensure that documentation is maintained in accordance with the federal program requirements and that provider revalidations are performed timely.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Reference Number: 2022-037
Prior Year Finding: 2021-025
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: 2105VT5MAP (10/1/2020 – 9/30/2021)
2205VT5MAP (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

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:

We noted that the 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 is required to determine and document 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, 2022**

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

Context:

Of the 60 samples selected for testing, health and safety standards could not be verified for the following:

1. 39 of 60 provider files did not have current license information maintained in the PMM and the monthly screening process was not followed to validate the licenses.
2. One provider file was not available for review.
3. 3 of 60 provider files did not contain documentation that the provider was in good tax standing.

Cause:

The Agency's 3rd-Party provider did not consistently maintain current documentation in the provider management module and controls did not detect or prevent the errors.

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 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, 2022**

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

Reference Number: 2022-038
Prior Year Finding: 2021-026
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: 2105VT5MAP (10/1/2020 – 9/30/2021)
2205VT5MAP (10/1/2021 – 9/30/2022)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

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 \$30,000,000 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, 2022**

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

Condition:

Subawards were not reported to FSRS in accordance with FFATA requirements. The following errors were noted:

- Eighteen subawards and subaward amendments were not reported to FSRS.
- Three subawards and subaward amendments were not reported timely.
- One subaward was reported under an incorrect DUNS number.

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. Thirty-two subawards, totaling \$10,711,156, were selected for testing and the following reporting errors were noted:

- Agency of Human Services Central Office (AHS-CO): Two subawards totaling \$558,000 were not reported to FSRS. The subawards were issued on 10/1/2021 but were not reported to FSRS until after auditors selected them for testing.
- Department of Children and Families (DCF): One subaward of \$32,284 was not reported timely. The subaward should have been reported no later than 1/31/2022 but it was reported on 2/17/2022, or 17 days late.
- Department of Mental Health (DMH): One subaward of \$59,790 was not reported timely. The subaward should have been reported no later than 6/30/2022 but it was reported on 7/19/2022, or 19 days late. Three subaward amendments, totaling \$31,475 were not reported to FSRS.
- Department of Aging and Independent Living (DAIL): One subaward of \$42,369 was not reported timely. In addition, an amendment for the subaward was not reported. The amount not reported to FSRS was \$8,400.
- Department of Vermont Health Access (DVHA): Two subawards totaling \$130,231 were not reported to FSRS. One subaward of \$38,364 was reported under an incorrect DUNS number.
- Vermont Department of Health (VDH): Eleven subawards totaling \$7,416,814 were not reported to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
32	19	3	0	1
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$10,711,156	\$8,144,920	\$134,443	\$0	\$38,364

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.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Questioned costs:

None noted.

Recommendation:

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward modifications are reported accurately 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, 2022

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

Reference Number: 2022-039
Prior Year Finding: 2021-024
Federal Agency: U.S. Department of Health and Human Services
State Agency: Agency of Human Services (Agency)
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 96.777, 93.778
Award Number and Year: 2105VT5MAP (10/1/2020 – 9/30/2021)
2205VT5MAP (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions – Medical Loss Ratio (MLR)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: For all contracts, the state must ensure that each Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), and Prepaid Ambulatory Health Plan (PAHP) submits a report with the data elements specified in 42 CFR sections 438.8(k) and 438.8(n). The report should contain the required 13 data elements in the regulation, reflect the correct reporting years, and contain an attestation of accuracy regarding the calculation of the medical loss ratio. Managed care plans are required to submit the annual report in the time and manner established by the state, which must be within 12 months after the end of the MLR reporting year. The state should have a policy and procedure to indicate when the report(s) are due from plans and should not accept multiple submissions from plans unless the capitation payments are revised retroactively.

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 2020 Medical Loss Ratio report for the State’s Prepaid Inpatient Health Plan (PIHP) was not submitted within twelve months after the end of the reporting year.

Context:

The Agency of Human Services, Department of Vermont Health Access (DVHA) acts as its own PIHP. DVHA was required to submit the PIHP’s Medical Loss Ratio report for the year ending 12/31/2020 no later than 12/31/2021 but the report was not submitted until 2/2/2022.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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

Cause:

The Agency did not adequately follow procedures regarding timely submission of the Medical Loss Ratio report for its PIHP.

Effect:

The Agency is out of compliance with MLR reporting requirements.

Questioned costs:

Undetermined.

Recommendation:

We recommend the Agency review and enhance its procedures and controls regarding Medical Loss Ratio reporting to ensure that reports for its PIHP are submitted timely.

Views of responsible officials:

Management agrees with the finding.