

STATE OF VERMONT
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2020



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**STATE OF VERMONT
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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, 2020, 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 29, 2020. 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 percent of total assets and total revenues as described in our report on the State's financial statements and as presented in the following tables. 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%	0.10%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	5.54%	21.38%
Special Fund	Universal Service Fund	1.15%	2.10%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.42%	6.17%
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

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 have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify 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 2020-001 and 2020-002 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-004 and 2020-005 to be significant deficiencies.

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*.

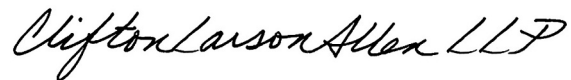
State of Vermont's Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Boston, Massachusetts
December 29, 2020



**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

We have audited the State of Vermont's (the State) compliance with the types of compliance requirements described 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, 2020. 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 College System, Vermont Veterans' Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Authority, Vermont Transportation Authority, Vermont Housing Finance Agency and Vermont Housing 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, 2020. Our audit, described below, did not include the operations of the Vermont Student Assistance Corporation, University of Vermont and State Agricultural College, Vermont State College System, Vermont Veterans' Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, Vermont Transportation Authority, Vermont Housing Finance Agency and Vermont Housing Conservation Board because other auditors were engaged to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinions on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding Unemployment Insurance (CFDA 17.225), the Children's Health Insurance Program (CFDA 93.767) and the Medicaid Cluster (CFDA 93.775, 93.777, 93.778), as described in finding numbers 2020-006 and 2020-012. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

Qualified Opinions on Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions paragraph, 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 Unemployment Insurance (CFDA 17.225), the Children's Health Insurance Program (CFDA 93.767) and the Medicaid Cluster (CFDA 93.775, 93.777, 93.778) for the year ended June 30, 2020.

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, 2020.

Other Matters

The results of our auditing procedures disclosed 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 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-013, 2020-014, 2020-015, and 2020-016. 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

The State's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-006 and 2020-012 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 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-013, 2020-014, 2020-015, 2020-016 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance 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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 29, 2020, 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 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
September 24, 2021

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
Direct grants:			
U.S. Department of Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 339,263	\$ 105,608
Conservation Reserve Program	10.069	27,973	-
Market News	10.153	36,990	-
Federal-State Marketing Improvement Program	10.156	64,643	25,600
Market Protection and Promotion	10.163	2,448	-
Specialty Crop Block Grant Program - Farm Bill	10.170	282,836	192,687
Organic Certification Cost Share Programs	10.171	481,266	-
Acer Access Development Program	10.174	198,921	-
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	758,976	-
CACFP Training Grants	10.536	33,152	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	18,315	-
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	1,294	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	9,375,699	-
Child and Adult Care Food Program	10.558	5,472,718	5,352,929
State Administrative Expenses for Child Nutrition	10.560	705,340	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	58,475	-
Farm to School Grant Program	10.575	32,310	31,362
Senior Farmers Market Nutrition Program	10.576	81,081	55,319
WIC Grants To States (WGS)	10.578	210,729	-
Child Nutrition Discretionary Grants Limited Availability	10.579	13,548	13,548
Fresh Fruit and Vegetable Program	10.582	1,415,454	1,414,020
Forestry Research	10.652	897	-
Cooperative Forestry Assistance	10.664	956,121	420,438
Wood Utilization Assistance	10.674	132,841	-
Forest Legacy Program	10.676	4,377,954	-
Forest Health Protection	10.680	13,454	-
Community Forest and Open Space Conservation Program (CFP)	10.689	771	-
Good Neighbor Authority	10.691	24,004	-
Partnership Agreements	10.699	10,589	-
Environmental Quality Incentives Program	10.912	358,383	9,613
Regional Conservation Partnership Program	10.932	150,835	-
SNAP Cluster			
Supplemental Nutrition Assistance Program	10.551	109,672,504	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10,719,944	1,494,505
Total SNAP Cluster		120,392,448	1,494,505

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture (continued):			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	\$ 4,922,739	\$ 4,921,015
National School Lunch Program	10.555	14,163,209	11,456,874
Special Milk Program for Children	10.556	19,019	19,019
Summer Food Service Program for Children	10.559	11,550,188	11,475,776
Total Child Nutrition Cluster		<u>30,655,155</u>	<u>27,872,684</u>
<i>Food Distribution Cluster</i>			
Commodity Supplemental Food Program	10.565	926,973	199,579
Emergency Food Assistance Program (Administrative Costs)	10.568	219,070	219,070
Emergency Food Assistance Program (Food Commodities)	10.569	2,320,084	-
Total Food Distribution Cluster		<u>3,466,127</u>	<u>418,649</u>
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	10.665	232,894	232,894
Total Forest Service Schools and Roads Cluster		<u>232,894</u>	<u>232,894</u>
Total U.S. Department of Agriculture		<u>180,383,904</u>	<u>37,639,856</u>
U.S. Department of Commerce:			
State and Local Implementation Grant Program	11.549	182,563	-
Total U.S. Department of Commerce		<u>182,563</u>	<u>-</u>
U.S. Department of Defense:			
Procurement Technical Assistance For Business Firms	12.002	503,391	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	22,400	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	22,540,471	-
National Guard ChalleNGe Program	12.404	723,124	-
Economic Adjustment Assistance for State Governments	12.617	353,251	16,647
Total U.S. Department of Defense		<u>24,142,637</u>	<u>16,647</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	6,139,014	5,832,783
Emergency Solutions Grant Program	14.231	662,789	613,977
Home Investment Partnerships Program	14.239	3,009,251	2,960,647
Continuum of Care Program	14.267	322,497	307,644
Office of Fair Housing-Assistance Grant	14.999	119,929	-
<i>CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster</i>			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	600,256	600,256
Total CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster		<u>600,256</u>	<u>600,256</u>
Total Department of Housing and Urban Development		<u>10,853,736</u>	<u>10,315,307</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Interior:			
Fish and Wildlife Management Assistance	15.608	\$ 41,403	\$ -
Cooperative Endangered Species Conservation Fund	15.615	23,463	787
Clean Vessel Act	15.616	39,080	32,337
Sportfishing and Boating Safety Act	15.622	242,035	240,008
Partners for Fish and Wildlife	15.631	31,750	-
State Wildlife Grants	15.634	668,375	167,428
Endangered Species Recovery Implementation	15.657	20,770	-
National Cooperative Geologic Mapping	15.810	84,135	28,400
Historic Preservation Fund Grants-In-Aid	15.904	347,954	58,982
Outdoor Recreation Acquisition, Development and Planning	15.916	94,223	46,094
Water Use and Data Research	15.981	33,537	-
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	3,074,034	-
Wildlife Restoration and Basic Hunter Education	15.611	3,409,709	157,987
Enhanced Hunter Education and Safety	15.626	87,822	87,022
Total Fish and Wildlife Cluster		6,571,565	245,009
Total U.S. Department of Interior		8,198,290	819,045
U.S. Department of Justice:			
Sexual Assault Services Formula Program	16.017	458,491	335,359
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	14,139	-
Services for Trafficking Victims	16.320	77,557	-
Juvenile Justice and Delinquency Prevention	16.540	465,124	275,001
Missing Children's Assistance	16.543	381,371	20,366
State Justice Statistics Program for Statistical Analysis Centers	16.550	111,612	-
National Criminal History Improvement Program (NCHIP)	16.554	27,061	-
Crime Victim Assistance	16.575	4,615,158	4,394,329
Crime Victim Compensation	16.576	156,086	-
Crime Victim Assistance/Discretionary Grants	16.582	278,049	-
Drug Court Discretionary Grant Program	16.585	6,687	-
Violence Against Women Formula Grants	16.588	892,246	774,007
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	243,246	221,499
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	96,387	-
Residential Substance Abuse Treatment for State Prisoners	16.593	129,580	124,892
Public Safety Partnership and Community Policing Grants	16.710	595,320	-
Juvenile Mentoring Program	16.726	6,125	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	362,127	111,602
DNA Backlog Reduction Program	16.741	201,975	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (continued):			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	\$ 126,230	\$ -
Harold Rogers Prescription Drug Monitoring Program	16.754	239,849	-
Second Chance Act Reentry Initiative	16.812	39,603	-
STOP School Violence	16.839	2,580	-
Equitable Sharing Program	16.922	33,202	-
Drug Enforcement Administration - DEA	16.999	8,282	-
FBI-VTOC/Cyber/Intelligence	16.999	11,508	-
US Marshall's District Fugitive Task Force	16.999	7,444	-
ICE/SLOT	16.999	323	-
Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)	16.999	372	-
Total CFDA 16.999		27,929	-
Total U.S. Department of Justice		9,714,986	6,257,055
U.S. Department of Labor:			
Labor Force Statistics	17.002	705,452	-
Compensation and Working Conditions	17.005	47,156	-
COVID-19 - Unemployment Insurance	17.225	507,889,655	-
Unemployment Insurance	17.225	263,858,904	-
Total Unemployment Insurance		771,748,559	-
Senior Community Service Employment Program	17.235	383,370	349,767
Trade Adjustment Assistance	17.245	369,308	-
H-1B Job Training Grants	17.268	954,923	944,068
Work Opportunity Tax Credit Program (WOTC)	17.271	62,677	-
Temporary Labor Certification for Foreign Workers	17.273	99,428	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	184,161	-
Apprenticeship USA Grants	17.285	312,107	265,639
Occupational Safety and Health State Program	17.503	689,226	-
Consultation Agreements	17.504	555,835	-
Mine Health and Safety Grants	17.600	27,695	27,400
Disability Employment Policy Development	17.720	495,259	332,267
<i>Employment Service Cluster</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	2,306,167	-
Jobs for Veterans State Grants	17.801	420,308	-
Total Employment Service Cluster		2,726,475	-
<i>WIOA Cluster</i>			
WIOA Adult Program	17.258	2,278,034	6,223
WIOA Youth Activities	17.259	1,945,923	-
WIOA Dislocated Worker Formula Grants	17.278	661,045	-
Total WIA Cluster		4,885,002	6,223
Total U.S. Department of Labor		784,246,633	1,925,364

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation:			
Airport Improvement Program	20.106	\$ 1,895,005	\$ -
Highway Research and Development Program	20.200	297,569	82,384
Highway Training and Education	20.215	147,816	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	25,846	25,846
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509	2,070,085	1,973,723
Formula Grants for Rural Areas and Tribal Transit Program	20.509	17,617,906	15,693,895
Total Formula Grants for Rural Areas and Tribal Transit Program	20.509	19,687,991	17,667,618
Public Transportation Research, Technical Assistance, and Training	20.514	30,933	28,408
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	548,243	456,571
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	10,629	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	113,381	27,283
PHMSA Pipeline Safety Program One Call Grant	20.721	316,518	-
National Infrastructure Investments	20.933	572,415	-
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	270,426,243	30,214,942
Recreational Trails Program	20.219	978,504	672,622
Federal Lands Access Program	20.224	277,560	277,560
Total Highway Planning and Construction Cluster		271,682,307	31,165,124
<i>Federal Motor Carrier Safety Assistance Cluster</i>			
Motor Carrier Safety Assistance	20.218	943,599	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	80,610	-
Total Federal Motor Carrier Safety Assistance Cluster		1,024,209	-
<i>Federal Transit Cluster</i>			
Federal Transit Capital Investment Grants	20.500	411,069	411,069
Federal Transit Formula Grants	20.507	1,067,976	1,067,976
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	7,571,516	7,571,516
Total Federal Transit Cluster		9,050,561	9,050,561
<i>Transit Services Programs Cluster</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	896,294	874,670
Total Transit Services Programs Cluster		896,294	874,670
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	2,062,061	1,108,302
Incentive Grant Program to Prohibit Racial Profiling	20.611	31,156	31,156
National Priority Safety Programs	20.616	1,916,923	290,749
Total Highway Safety Cluster		4,010,140	1,430,207
Total U.S. Department of Transportation		310,309,857	60,808,672

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury:			
Equitable Sharing	21016	\$ 6,318	\$ -
COVID-19 - Coronavirus Relief Fund	21019	124,339,045	26,448,227
Total U.S. Department of Treasury		124,345,363	26,448,227
U.S. General Services Administration:			
Donation of Federal Surplus Personal Property	39.003	215,445	-
Total U.S. General Services Administration		215,445	-
U.S. Institute of Museum and Library Service:			
Grants to States	45.310	925,479	62,201
Total U.S. Institute of Museum and Library Service		925,479	62,201
U.S. Small Business Administration:			
State Trade Expansion	59.061	189,796	123,881
Total U.S. Small Business Administration		189,796	123,881
U.S. Department of Veterans Affairs:			
Post-9/11 Veterans Educational Assistance	64.028	97,701	-
Total U.S. Department of Veterans Affairs		97,701	-
U.S. Environmental Protection Agency:			
State Indoor Radon Grants	66.032	114,291	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	318,903	-
State Clean Diesel Grant Program	66.040	135,246	100,145
Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program	66.042	164,298	-
Water Quality Management Planning	66.454	110,222	40,000
Regional Wetland Program Development Grants	66.461	213,318	-
Lake Champlain Basin Program	66.481	1,508,138	658,082
Performance Partnership Grants	66.605	4,367,685	187,431
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	143,192	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	348,544	-
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	23,252	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	284,651	-
Pollution Prevention Grants Program	66.708	49,241	3,922
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	176,407	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804	200,941	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	534,128	-
Solid Waste Management Assistance Grants	66.808	3,674	1,908
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	121,732	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Environmental Protection Agency (continued):			
State and Tribal Response Program Grants	66.817	\$ 693,210	\$ -
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	181,955	180,520
<i>Clean Water State Revolving Fund Cluster</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	7,264,450	6,928,072
Total Clean Water State Revolving Fund Cluster		<u>7,264,450</u>	<u>6,928,072</u>
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	16,471,127	12,723,168
Total Drinking Water State Revolving Fund Cluster		<u>16,471,127</u>	<u>12,723,168</u>
Total U.S. Environmental Protection Agency		<u>33,428,605</u>	<u>20,823,248</u>
U.S. Department of Energy:			
State Energy Program	81041	524,493	20,000
Weatherization Assistance for Low-Income Persons	81042	1,267,772	1,267,772
State Energy Program Special Projects	81119	190,278	189,411
State Heating Oil and Propane Program	81138	5,000	-
Total U.S. Department of Energy		<u>1,987,543</u>	<u>1,477,183</u>
U.S. Department of Education:			
Adult Education - Basic Grants to States	84.002	848,208	704,819
Title I Grants to Local Educational Agencies	84.010	35,639,888	35,198,807
Migrant Education State Grant Program	84.011	747,949	473,342
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	93,264	93,264
Career and Technical Education -- Basic Grants to States	84.048	4,099,314	3,614,857
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	9,507,331	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	243,750	243,750
Special Education-Grants for Infants and Families	84.181	2,301,492	67,821
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	266,195	-
Education for Homeless Children and Youth	84.196	112,313	90,423
Twenty-First Century Community Learning Centers	84.287	5,456,251	5,064,273
Rural Education	84.358	32,436	24,949
English Language Acquisition State Grants	84.365	356,249	207,890
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	8,194,420	7,830,403
Grants for State Assessments and Related Activities	84.369	3,373,800	-
Statewide Longitudinal Data Systems	84.372	872,764	-
Title I Grants to Local Educational Agencies	84.377	383,327	383,327
Preschool Development Grants	84.419	2,040,825	1,858,926
Disability Innovation Fund (DIF)	84.421	2,016,938	-
Student Support and Academic Enrichment Program	84.424	3,944,763	3,777,950

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued):			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	\$ 43,512	\$ -
<i>Special Education Cluster (IDEA)</i>			
Special Education Grants to States	84.027	32,264,780	26,010,734
Special Education Preschool Grants	84.173	770,080	556,898
Total Special Education Cluster (IDEA)		<u>33,034,860</u>	<u>26,567,632</u>
Total U.S. Department of Education		<u>113,609,849</u>	<u>86,202,433</u>
National Archives and Records Administration:			
National Historical Publications and Records Grants	89.003	100,037	-
Total National Archives and Records Administration		<u>100,037</u>	<u>-</u>
U.S. Election Assistance Commission:			
Help America Vote Act Requirements Payments	90.401	162,1409	-
Total U.S. Election Assistance Commission		<u>1,621,409</u>	<u>-</u>
U.S. Northern Border Regional Commission:			
Northern Border Regional Development	90.601	180,620	38,267
Total U.S. Northern Border Regional Commission		<u>180,620</u>	<u>38,267</u>
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	23,599	23,599
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	89,269	89,269
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	148,157	148,157
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	93,507	93,507
National Family Caregiver Support, Title III, Part E	93.052	777,889	559,741
Public Health Emergency Preparedness	93.069	4,182,944	57,032
Environmental Public Health and Emergency Response	93.070	1,265,888	63,460
Medicare Enrollment Assistance Program	93.071	91,466	91,466
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	74,667	-
Guardianship Assistance	93.090	158,100	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	204,935	88,703
Food and Drug Administration Research	93.103	943,413	86,396
Maternal and Child Health Federal Consolidated Programs	93.110	532,713	239,512
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	80,704	-
Emergency Medical Services for Children	93.127	96,032	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	145,415	13,000
Injury Prevention and Control Research and State and Community Based Programs	93.136	2,124,152	522,752

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued):			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$ 298,763	\$ 298,763
Grants to States for Loan Repayment	93.165	212,500	212,500
Disabilities Prevention	93.184	149,142	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	457,420	-
Family Planning Services	93.217	134,647	126,593
Traumatic Brain Injury State Demonstration Grant Program	93.234	160,392	87,091
Grants to States to Support Oral Health Workforce Activities	93.236	310,017	279,141
State Rural Hospital Flexibility Program	93.241	245,875	76,244
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5,373,521	3,184,682
Early Hearing Detection and Intervention	93.251	225,717	209,059
Immunization Cooperative Agreements	93.268	7,314,076	-
Viral Hepatitis Prevention and Control	93.270	88,266	-
Small Rural Hospital Improvement Grant Program	93.301	74,041	66,600
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	753,403	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	124,398	70,600
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1978,106	-
State Health Insurance Assistance Program	93.324	232,439	221,449
Behavioral Risk Factor Surveillance System	93.336	303,119	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	4,902,840	71,101
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1,019,994	20,286
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5,922,834	91,387
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	316,511	116,399
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	150,728	-
ACL Independent Living State Grants	93.369	334,972	158,915
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	1,954,826	809,781
Every Student Succeeds Act/Preschool Development Grants	93.434	736,979	620,072
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436	416,653	39,618
ACL Assistive Technology	93.464	485,807	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	541,178	449,559

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued):			
Temporary Assistance for Needy Families	93.558	\$ 33,253,147	\$ 108,485
Child Support Enforcement	93.563	9,187,519	-
Child Support Enforcement Research	93.564	42,886	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	736,283	435,373
Low-Income Home Energy Assistance	93.568	19,310,886	4,592,656
Community Services Block Grant	93.569	4,040,277	3,802,698
Refugee and Entrant Assistance Discretionary Grants	93.576	73,548	72,362
State Court Improvement Program	93.586	163,877	-
Community-Based Child Abuse Prevention Grants	93.590	192,268	174,859
Grants to States for Access and Visitation Programs	93.597	87,812	82,787
Chafee Education and Training Vouchers Program (ETV)	93.599	190,496	173,198
Adoption and Legal Guardianship Incentive Payments	93.603	858,673	87,200
Developmental Disabilities Basic Support and Advocacy Grants	93.630	658,270	161,961
Children's Justice Grants to States	93.643	72,649	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	464,314	30,722
Foster Care Title IV-E	93.658	12,387,568	-
Adoption Assistance	93.659	11,640,890	-
Social Services Block Grant	93.667	7,800,335	1,026,104
Child Abuse and Neglect State Grants	93.669	366,940	48,686
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	730,135	665,982
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	500,000	500,000
State Public Health Approaches for Ensuring Quiltline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735	45,833	-
Elder Abuse Prevention Interventions Program	93.747	40,459	-
Children's Health Insurance Program	93.767	11,579,664	-
Opioid STR	93.788	5,565,893	3,029,431
Money Follows the Person Rebalancing Demonstration	93.791	2,557,338	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	818,336	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	170,496	169,464
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	1,566,428	1,448,303
National Bioterrorism Hospital Preparedness Program	93.889	742,300	163,755
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1,502,321	310,698
Grants to States for Operation of State Offices of Rural Health	93.913	157,662	18,135
HIV Care Formula Grants	93.917	806,769	314,568

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued):			
HIV Prevention Activities Health Department Based	93.940	\$ 915,402	\$ 593,136
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	166,914	-
Block Grants for Community Mental Health Services	93.958	1,476,720	1,354,824
Block Grants for Prevention and Treatment of Substance Abuse	93.959	6,939,165	5,277,148
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	228,737	46,253
Preventive Health and Health Services Block Grant	93.991	394,137	126,666
Maternal and Child Health Services Block Grant to the States	93.994	1,235,184	375,841
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	262,938	262,938
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,848,803	1,846,311
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2,111,741	2,109,249
	93.045		
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1,309,241	1,309,241
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	3,510,085	3,510,085
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	4,819,326	4,819,326
Nutrition Services Incentive Program	93.053	788,004	788,004
Total Aging Cluster		<u>7,719,071</u>	<u>7,716,579</u>
<i>CCDF Cluster</i>			
COVID-19 - Child Care and Development Block Grant	93.575	4,410,066	-
Child Care and Development Block Grant	93.575	15,898,553	3,814,265
Total Child Care and Development Block Grant	93.575	20,308,619	3,814,265
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	6,581,275	12,912
Total CCDF Cluster		<u>26,889,894</u>	<u>3,827,177</u>
<i>Head Start Cluster</i>			
Head Start	93.600	98,382	-
Total Head Start Cluster		<u>98,382</u>	<u>-</u>
<i>Medicaid Cluster</i>			
State Medicaid Fraud Control Units	93.775	750,148	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1,561,906	-
Medical Assistance Program	93.778	1,149,071,156	26,072,606
Total Medicaid Cluster		<u>1,151,383,210</u>	<u>26,072,606</u>
Total U.S. Department of Health and Human Services		<u>1,366,088,268</u>	<u>71,897,944</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Corporation for National Community Service:			
State Commissions	94.003	\$ 329,127	\$ -
AmeriCorps	94.006	2,035,414	2,035,414
Training and Technical Assistance	94.009	165,518	-
Volunteers in Service to America	94.013	38,268	-
Total U.S. Corporation for National Community Service		2,568,327	2,035,414
U.S. Social Security Administration:			
Social Security - Work Incentives Planning and Assistance Program	96.008	107,615	-
<i>Disability Insurance/SSI Cluster</i>			
Social Security Disability Insurance	96.001	7,007,657	-
Total Disability Insurance/SSI Cluster		7,007,657	-
Total U.S. Social Security Administration		7,115,272	-
U.S. Department of Homeland Security:			
Boating Safety Financial Assistance	97.012	769,442	185,466
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	235,244	-
Flood Mitigation Assistance	97.029	36,330	36,234
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1418,805	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	6,593,173	5,287,192
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	8,011,978	5,287,192
Hazard Mitigation Grant	97.039	969,479	883,585
National Dam Safety Program	97.041	83,949	-
Emergency Management Performance Grants	97.042	2,626,305	585,035
Assistance to Firefighters Grant	97.044	279,566	-
Pre-Disaster Mitigation	97.047	582,112	574,173
Homeland Security Grant Program	97.067	3,790,569	701,055
Earthquake Consortium	97.082	10,086	-
Law Enforcement Officer Reimbursement Agreement Program	97.090	51,404	41,660
Total U.S. Department of Homeland Security		17,446,464	8,294,400
Total direct grants		2,997,952,784	335,185,144
Total Expenditures of Federal Awards		\$ 2,997,952,784	\$ 335,185,144

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

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, 2020. 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, 2020. 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 College System	Vermont Transportation Authority
Vermont Veterans' Home	Vermont Housing Finance Agency
Vermont Economic Development Authority	Vermont Housing Conservation Board

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.

Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the CFDA are identified by federal agency number followed by (.999). Federal award programs include expenditures, passthroughs to non-state agencies (i.e., payments to subrecipients), non-monetary assistance, and loan programs.

**STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

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 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 (CFDA 17.225)

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

Federal	\$	12,218,016
Federal-COVID-19		507,889,655
State		251,640,888
Total	\$	<u>771,748,559</u>

NOTE 5 AIRPORT IMPROVEMENT PROGRAM (CFDA 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, 2020**

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:

CFDA Number	Program Name	Grant Award
10.551	Supplemental Nutrition Assistance Program	\$ 73,787,812
10.555	National School Lunch Program	2,374,023
10.559	Summer Food Service Program for Children	7,549
10.565	Commodity Supplemental Food Program	548,210
10.569	Emergency Food Assistance Program (Food Commodities)	1,691,568
39.003	Donation of Federal Surplus Personal Property	369,784
93.268	Immunization Cooperative Agreements	6,960,052
		<u>\$ 85,738,998</u>

NOTE 7 DISASTER GRANTS – PUBLIC ASSISTANCE (CFDA 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, 2020, \$442,546 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 2020, the state received cash rebates from infant formula manufacturers in the amount of \$1,459,257 on sales of formula to participants in the WIC program (CFDA 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.

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

The State is the recipient of federally donated PPE. The fair market value of the PPE at the time of receipt was \$14,028,075.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

- | | | |
|---|----------------------|---------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> x </u> yes | <u> </u> none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | See table below | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u> x </u> yes | <u> </u> no |

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 8,993,858 </u>	
Auditee qualified as low-risk auditee?	<u> </u> yes	<u> x </u> no

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Programs

Major Program	CFDA Number	Opinion
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Unemployment Insurance	17.225	Qualified
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Unmodified
Highway Safety Cluster	20.600, 20.611, 20.616	Unmodified
Coronavirus Relief Fund	21.019	Unmodified
Grants for State Assessments and Related Activities	84.369	Unmodified
Low-Income Home Energy Assistance	93.568	Unmodified
Adoption Assistance	93.659	Unmodified
Children's Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Disability Insurance/SSI Cluster	96.001	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section II – Financial Statement Findings

Finding 2020-001 – Accounts Receivable – Department of Liquor Control

Material Weakness

Condition

The State did not have controls properly implemented to ensure that accounts receivable for the Department of Liquor Control were recorded accurately.

Criteria

The State's Internal Controls Best Practice Series memorandum over accounts receivable indicates that departmental best practices include the maintenance of an accurate record of receivables transactions. The use of automated systems (e.g. VISION) should be utilized, where practical, to facilitate processing and reconciliation.

Context

The audit procedures detected an overstatement of accounts receivable of approximately \$1,046,720, which was the result of the state recording accounts receivable for cash receipts that had been received by the State as of June 30, 2020.

Effect

The State recorded adjustments to correct the accounts receivable balance.

Cause

The State's internal controls related to the review of the year end reconciliation of accounts receivable were not sufficient to detect the misstatements.

Repeat Finding

The finding is a repeat of a finding in the immediately prior year. The prior year finding number was 2019-001.

Recommendation

We recommend that policies and procedures be improved and implemented to ensure that internal controls over financial reporting include procedures to adequately detect misstatements in accounts receivable to ensure these balances are reported accurately.

Management Response

The Department of Liquor and Lottery (DLL) agrees with the finding. In order to correct this finding, we have updated our year-end Accounts Receivable CAFR procedures to include the use of new query created by Department of Finance & Management (DFM). The new query will help identify accounts receivable payments deposited in the bank prior to the fiscal year end, but not recorded in the accounting system to after year end close. Any payments received that are identified as related to a prior year item ID will be accrued to cash.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Finding 2020-002 – Financial Close and Reporting –Department of Labor

Material Weakness

Condition

The Department of Labor did not have controls properly implemented to ensure that Federal Grant receivable and related revenues were recorded accurately.

Criteria

Generally accepted accounting principles require nonexchange revenues meet eligibility requirements (such as the incurrence of expenses) prior to recognition and accrual. This encompasses nonexchange federal funding received in advance of eligibility requirements being met.

Additionally, the State's Internal Controls Best Practice Series memorandum over accounts receivable indicates that departmental best practices include the maintenance of an accurate record of receivables transactions.

Context

The audit procedures detected an overstatement of revenue of \$172,247,848 related to Federal Pandemic Unemployment Compensation (FPUC) funds received by the State prior to June 30, 2020. The entire balance of the FPUC funds received was accrued as revenue prior to the State meeting eligibility requirements for recognition. A correcting adjustment was made by the State to reverse the accrual and report the balance as unearned revenue.

The procedures identified the State also accrued accounts receivable and revenue in the amount of \$54,208,200 for FPUC revenues that met eligibility requirements for recognition. A correcting adjustment was made by the State to reverse this accrual and reduce unearned revenue because the FPUC funds were received by the State as of June 30, 2020.

Effect

Accounts receivable and revenue were materially overstated and unearned revenue was materially understated. The State recorded adjustments to correct the errors.

Cause

The State's internal controls over financial reporting did not ensure recognized revenues met eligibility requirements nor did they ensure accounts receivable represented valid receivable accruals.

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 recorded accurately and that revenues are recognized in the proper period.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Management Response

The Vermont Department of Labor recognizes the finding identified by CLA and provides the following Management Response. Due to the COVID-19 pandemic, the Department has implemented and managed multiple newly established federal and state programs with unprecedented volumes. During the preparation and review of the financial statements, the Department had internal conversations about how to book these new revenues. In hindsight the Department recognizes it booked the revenues incorrectly. In response to the finding, the Department will review the current policies, procedures, and process memos regarding year-end reconciliation and review to ensure proper recording moving forward and to ensure that proper controls are included.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Finding 2020-003 – Tax Disbursements –Department of Taxes

Significant Deficiency

Condition

The Department of Taxes did not adequately document the implementation of internal controls over bank accounts utilized for tax disbursements.

Criteria

The Department of Taxes' policies and procedures established for month-end reconciliations of tax disbursements bank accounts require the following on each reconciliation report:

- 1) The signature of the preparer and date of preparation should be included on the reconciliation report.
- 2) The signature of the reviewer and date of review should be included on the reconciliation report.
- 3) The reconciled report should be available for review by the Financial Manager within thirty (30) days of month end.

Context

Tests of effectiveness of internal controls over tax disbursements identified the following deficiencies in documentation of the month-end tax disbursements bank account reconciliations:

- 1) Eight (8) out of twenty-four (24) monthly reconciliations tested did not include the signature of the preparer or the date of preparation on the reconciliation report.
- 2) Eleven (11) out of twenty-four (24) monthly reconciliations tested did not include the signature of the reviewer or the date of review on the reconciliation report.
- 3) Twelve (12) out of twenty-four (24) monthly reconciliations tested did not include sufficient documentation to support that all reconciliations were prepared within thirty (30) days of month-end.

Effect

Documentation of the reconciliation of the tax disbursements bank accounts was not sufficient to indicate the reconciliations were performed in accordance with established policies and procedures.

Cause

Reconciliations over the tax disbursements bank accounts were not properly implemented.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Recommendation

We recommend that policies and procedures be implemented to ensure that tax disbursements 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.

Management Response

The Department of Taxes agrees with this finding. Multiple staffing changes in the Finance Division and the onset of the COVID 19 pandemic contributed to the monthly reconciliation work falling behind. The employee who was handling the reconciliations retired suddenly in January of 2020. In early March of 2020, after Governor Scott declared a state of emergency, the majority of the Department's employees were transitioned to working remotely. This transition happened very quickly, and all of the employees working on the monthly reconciliations transitioned to working remotely. This presented some new challenges.

A new Director of Finance was appointed by the Commissioner in November of 2020. Several new employees have joined the Finance Division. The process for completing the monthly reconciliations is being completely overhauled such that all reconciliations moving forward will be more auditable and will include source documentation. We have prioritized the proper and timely completion of the monthly reconciliations for all accounts.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Finding 2020-004 – Taxes Receivable–Department of Taxes

Significant Deficiency

Condition

The Department of Taxes did not have controls properly implemented to ensure that taxes receivable and the related allowances for uncollectible accounts recorded accurately.

Criteria

The State's Internal Controls Best Practice Series memorandum over accounts receivable indicates that departmental best practices include the maintenance of an accurate record of receivables transactions. The use of automated systems (e.g. VISION) should be utilized, where practical, to facilitate processing and reconciliation.

Context

The audit procedures detected an understatement of the allowance for uncollectible taxes receivable of \$25,066,691 due to an error in the calculation of the State's additional reserve for uncollectible taxes receivable. Taxes receivable due dates were extended in the VTAX system during fiscal year 2020 because of changes in the State's tax filing deadlines in response to the COVID-19 pandemic. This resulted in the improper exclusion of certain receivables from the additional reserve query in VTAX because the query was not updated to account for the extensions. The additional reserve query was subsequently corrected and re-run in the VTAX system and a correcting entry was made by the State to increase the allowance for uncollectible taxes receivable.

Additionally, the audit procedures detected an understatement of \$10,792,349 of taxes receivable and an understatement of \$9,713,114 of the related allowances for uncollectible taxes receivable, resulting in a net understatement of taxes receivable in the amount of \$1,079,235. The State's taxes receivable policy includes the calculation of taxes receivable and the related allowances for persons and entities that owe tax liabilities but do not file tax returns by the State's filing deadlines. The calculation was not performed in the VTAX system during fiscal year 2020 due to complications arising from the COVID-19 pandemic. A calculation was subsequently performed to estimate the taxes receivable and related allowance for uncollectible accounts by using historical data and a correcting entry was made by the State to increase the taxes receivable and related allowance for uncollectible taxes receivable.

Effect

Taxes receivable were misstated in multiple opinion units. The State subsequently recorded adjustments to correct the misstatements.

Cause

The State's internal controls related to the recording of accounts receivable did not detect the misstatements.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Recommendation

We recommend that policies and procedures over the year-end reconciliation and review of taxes receivable and the related allowances for uncollectible accounts be strengthened to ensure the balances are recorded accurately.

Management Response

The Department of Taxes agrees with this finding. The changes to the tax filing deadline in 2020 and the temporary suspension of our regular monthly billing processes in response to the COVID-19 pandemic created some unique challenges for the Department's accounts receivable. We have also begun a comprehensive review of our policies and procedures for determining the year end taxes receivables and the allowance for uncollectible accounts for future years. This will include new procedures for mitigating the impact of possible future changes to the filing deadlines on our year end receivables.

The Finance Division has a new Director and several new employees. We are working with all of the employees responsible for the preparation of the CAFR-1 to ensure that they have reviewed and understand our internal policies and procedures. We plan to consult with the Department of Finance and Management to discuss the issues which arose in the prior year and to review our process for preparing the CAFR-1 prior to its submission in future years.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

Finding 2020-005 – Federal Grants Receivable –Department of Public Safety

Significant Deficiency

Condition

The Department of Public Safety did not have controls properly implemented to ensure that federal grants receivable were recorded accurately.

Criteria

The State's Internal Controls Best Practice Series memorandum over accounts receivable indicates that departmental best practices include the maintenance of an accurate record of receivables transactions. The use of automated systems (e.g. VISION) should be utilized, where practical, to facilitate processing and reconciliation.

Context

Audit procedures detected an overstatement of federal grants receivable of \$9,653,623. The State recorded federal grant receivables from the Federal Emergency Management Agency (FEMA). However, an approved federal grant agreement was not in place as of June 30, 2020.

Effect

Federal grants receivable were overstated for receivables that were not eligible for recognition at June 30, 2020. The State subsequently recorded an adjustment to correct the federal grants receivable.

Cause

The State's internal controls surrounding the recording of accounts receivable did not detect the misstatements.

Recommendation

We recommend that policies and procedures over the year-end reconciliation and review of federal grants receivable be strengthened to ensure the balances are recorded accurately.

Management Response

The Department of Public Safety does not contest the finding. As a corrective action we are in the process of updating our year-end Accounts Receivable CAFR-1 procedure to include the requirements of GASB Statement 33 and specific instructions regarding financial reporting for the FEMA Public Assistance Program.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number: 2020-006
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
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.

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

Condition:

On March 18, 2020, the President signed into law the Families First Coronavirus Response Act (FFCRA), which provided additional flexibility for state unemployment insurance agencies and additional administrative funding to respond to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 which expanded the states’ ability to provide unemployment insurance for many workers impacted by the COVID-19 pandemic, including for workers who are not ordinarily eligible for unemployment benefits.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Condition (Continued):

As a result of the COVID-19 pandemic, there was a priority on VDOL to distribute unemployment funds with limited eligibility/verification procedures performed during the application process in order to expedite disbursement of funds and support individuals in greatest need. As a result, most state workforce agencies including the VDOL experienced an unprecedented number of fraudulent and imposter claims and improper payments. The U.S. Department of Labor and the VDOL have partnered to investigate the extent and methods used to perpetuate the fraud.

Questioned costs:

Undetermined and under investigation by both federal and state authorities.

Cause:

The VDOL experienced an unprecedented claims volume with increased funding and additional program requirements with a priority for efficient distribution from both the U.S. Department of Labor and State officials.

Effect:

Without stringent eligibility/verification procedures for the additional funding, the unemployment insurance program becomes more vulnerable to fraudulent claims.

Statistically valid: Not applicable

Recommendation:

We recommend management review and implement the relevant policies and procedures as recommended by the U.S. Department of Labor and/or as outlined in the various Unemployment Insurance Practice Letters (UIPLs) to verify program eligibility while providing timely payment to program beneficiaries.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-007
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Special Tests and Provisions: UI Program Integrity - Overpayments
Type of Finding Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Pub. L. No. 112-40, enacted on October 21, 2011, and effective October 21, 2013, amended sections 303(a) and 453A of the Social Security Act and sections 3303, 3304, and 3309 of Federal Unemployment Tax Act (FUTA) to improve program integrity and reduce overpayments. (See Unemployment Insurance Program Letter (UIPL) numbers 02-12, Changes 1 and 2 https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6707.) States are (1) required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments, and (2) states are prohibited from providing relief from charges to an employer's UI account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information. States may continue to waive recovery of overpayments in certain situations and must continue to offer the individual a fair hearing prior to recovery. Federal regulations require that if the overpayment was based on fraud and the claimant was unsuccessful in appeal, there is to be follow-up to collect the 15 percent penalty.

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:

We noted that the Department failed to follow its written procedures to manage the overpayment and pursue collection in one of forty claimants tested.

Questioned costs:

None.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Context:

The claimant received an overpayment and the procedures to collect were not initiated. An overpayment of \$3,982 and the related 15% penalty of \$598 were due from the claimant per the appeals decision in April 2020 but it was not properly input into the Accounting system. No amount was collected and \$4,737 in overpayments and penalties is still due from the claimant.

Cause:

The Department does not have sufficient internal controls in place over the overpayment management and collection process.

Effect:

Internal Controls for overpayments did not prevent the omission of an overpayment and penalty in the Accounting system resulting in a failure to collect.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over overpayments include required tracking and collection efforts.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-008
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Reporting: ETA 2112 - UI Financial Transaction Summary
Type of Finding Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 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.

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:

We noted a lack of approval on one of three ETA 2112 reports, a late approval on one of three ETA 2112 reports, and a late submission on two of three ETA 2112 reports.

Questioned costs:

None.

Context:

The Department did not perform a timely review and submission of the ETA 2112 reports. The review and approval signature were not documented on the February 2020 report. The review and approval signature on the May 2020 report was not completed timely as it was signed 10/15/2020 when it was due 7/1/2020.

The Department did not submit the ETA 2112 reports by the deadline. The February 2020 report was due 4/1/2020 and was submitted 7/28/2020. The May 2020 report was due 7/1/2020 and was submitted 10/27/2020.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Cause:

The Department does not have sufficient internal controls in place over compliance of the ETA 2112 reporting process.

Effect:

Internal Controls for reporting did not prevent the unapproved and late submission of required compliance reporting.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls overreporting includes a formal approval documentation procedure and submission by the federal deadline.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-009
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Reporting: ETA 191 - Financial Status of UCFE/UCX
Type of Finding Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: ETA 191, Financial Status of UCFE/UCX (OMB No. 1205-0162) – Quarterly report on Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service Members (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.

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:

We noted a lack of approval on two of two quarterly ETA 191, *Financial Status of UCFE/UCX Reports* (ETA 191) and a late submission on one of two ETA 191 reports tested.

Questioned costs:

None.

Context:

The Department did not formally review and approve the ETA 191s prior to submission. We also noted a lack of segregation of duties between the preparer and reviewer as at times, the same staff member performs both roles.

The Department did not submit the ETA 191 by the deadline. The report was due 7/27/2020 and was submitted 8/6/2020. The Department of Labor reached out to Department to inquiry about the late report on 7/29/2020 and again on 8/3/2020. No extension was requested or granted.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Cause:

The Department does not have sufficient internal controls in place over compliance of the ETA 191 reporting process.

Effect:

Internal Controls for reporting did not prevent the unapproved and late submission of required compliance reporting.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over reporting include segregation of duties between preparer and approver, a formal approval documentation procedure, and submission by the federal deadline.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-010
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-32872-19-60-A-50 (2019)
UI-34525-20-60-A-50 (2020)
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 Unemployment Insurance (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 Worker Profiling and Reemployment Services (WPRS) and Reemployment Services and Eligibility Assessments (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 both WPRS and 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. RESEA is a voluntary program and under certain circumstances may be designed to also satisfy WPRS requirements. Operating guidance for the RESEA program is updated annually. UIPL 7-19 provides RESEA operating Guidance for FY 2019.

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, 2020

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

Condition:

We noted that 3 of 40 samples selected for testing were missing Eligibility Review Questionnaire forms and subsequently a lack of proper eligibility approval. We also noted that 2 of 40 samples were missing Notice to Claimant forms and subsequently CLA was unable to determine if proper notice was provided to participants.

Questioned costs:

None.

Context:

The Department did not retain the required Eligibility Review Questionnaire forms and Notice to Claimants required by the program to verify compliance with federal regulations and as a control to document that a staff member at UI with knowledge of the programs reviewed eligibility requirements prior to admission to the RESEA program.

Cause:

The Department does not have sufficient internal controls in place over compliance of the RESEA process.

Effect:

Internal Controls for reporting did not prevent the admission of participants into RESEA without clear documentation on file of their eligibility review and notice to claimant.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include both retention of the notice to claimant and documentation of the participants eligibility 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, 2020**

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

Reference Number: 2020-011
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Low-Income Home Energy Assistance Program
CFDA Number: 93.568
Award Number and Year: 2001VTLIEA (10/1/2019 – 9/30/2021)
Compliance Requirement: Period of Performance
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 200.77 Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§ 200.210 Information contained in a Federal award paragraph (a)(5) and 200.331 Requirements for pass-through entities, paragraph (a)(1)(iv)).

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:

One of the twenty-six non-payroll transactions selected for testing was incurred during March 2019 but was charged by the Agency to the FY2020 award which was prior to the grant award’s period of performance.

Context:

An outstanding March 2019 invoice was paid by the Agency in October 2019 and charged to the grant with a period of performance beginning October 1, 2019.

Cause:

The Agency was aware of the outstanding March 2019 vendor invoice prior to the October 2019 disbursement but its internal controls did not prevent it from being charged to the FY2020 award.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Effect:

The Agency is not compliant with the period of performance requirement and may be subject to disallowed program costs by the grantor.

Questioned costs:

Undetermined, the program costs were allowable; however, the grantor may disallow the costs based on their requirements.

Recommendation:

We recommend that the Agency review current procedures to ensure that costs are charged within the grant's period of performance. The procedures should also ensure that supervisory review of allowable costs charged to the program ensure that the costs are within the grant's period of performance.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-012
Prior Year Finding: 2019-011
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: State Children’s Insurance Program (CHIP), Medicaid Cluster
CFDA Number: 93.767, 93.775, 96.777, 93.778
Award Number and Year: 1805VT5021 (10/1/2017 – 9/30/2019)
190VT5021 (10/1/2018 – 9/30/2020)
1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
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 payments, providers must: (1) be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; 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 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), 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:

We noted that 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 which is required to determine and document provider eligibility with the Agency’s requirements. The 3rd-party provider did not consistently maintain the provider eligibility documentation.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Specifically, we noted the following:

1. Eighteen Medicaid and twenty-two CHIP provider licenses were identified as expired during FY2020.
2. The application for one Medicaid and one CHIP provider was not available for review.
3. The Agency's provider checklist was not available for review for two Medicaid providers.

Context:

Total provider sample size was sixty for Medicaid and sixty for CHIP

1. Eighteen Medicaid and twenty-two CHIP provider licenses selected for tested identified the license as expired during FY2020.
2. One Medicaid and one CHIP provider application was not available for review.
3. Two Medicaid providers' checklists were not available for review.

For the expired Medicaid and CHIP provider licenses, we viewed the providers' license status maintained by state's licensing board. All of the providers selected for testing were properly licensed during FY2020; the Agency's records were updated with the most available information.

Cause:

The 3rd-party provider did not consistently maintain documentation to support the provider eligibility status. The corrective action plan for the prior year finding was not implemented.

Effect:

The Agency was unable to support the beneficiary's eligibility or consistent application of their internal control process.

Questioned costs:

Undetermined, due to the lack of documentation.

Recommendation:

We recommend the Agency review its procedures to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of responsible officials:

Management agrees with the finding.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Reference Number: 2020-013
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: State Children’s Insurance Program (CHIP), Medicaid Cluster
CFDA Number: 93.767, 93.775, 93.777, 93.778
Award Number and Year: 1805VT5021 (10/1/2017 – 9/30/2019)
190VT5021 (10/1/2018 – 9/30/2020)
1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Eligibility for CHIP 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 disability status.

Eligibility for Medicaid includes both financial and non-financial requirements and each eligibility group has its own specific standards. Financial eligibility for most individuals is based on modified adjusted gross income or MAGI, which is described at 42 CFR 435.603.

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:

Documentation to support beneficiary’s eligibility was not available for testing. During the audit we noted:

1. Three CHIP beneficiary files were missing documentation to support eligibility. The Agency did not provide documentation to support income for one of the three beneficiaries, proof of the beneficiary’s application for benefits for two of the three beneficiaries and Income Eligibility Verification System (IEVS) verification for one of the three beneficiaries.
2. One Medicaid beneficiary file was missing documentation to support eligibility. The Agency did not provide documentation to support IEVS verification for one beneficiary.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Context:

Three of sixty CHIP beneficiaries selected for testing did not provide documentation to support eligibility.

One of sixty Medicaid beneficiaries selected for testing did not provide documentation to support eligibility.

Cause:

The Agency did not adequately follow its procedures for retaining eligibility documentation in its beneficiary files.

Effect:

The Agency was unable to support beneficiary eligibility.

Questioned costs:

Undetermined, based on the available information.

Recommendation:

We recommend that the Agency review its procedures to ensure that documentation to support beneficiary eligibility is maintained in accordance with the retention policy and is readily available for review.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-014
Prior Year Finding: 2019-010
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Award Number and Year: 1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
Compliance Requirement: Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/IID (42 CFR part 442). The standards may be modified in the State Plan.

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 Agency did not maintain documentation to support the provider’s compliance with the health and safety standards. For one of sixty providers selected for testing, we were unable to determine the provider’s compliance with the health and safety standards because the health and safety agreement was not available for testing.

Context:

The Agency requires the providers to complete a health and safety agreement which the provider attests to being compliant with the Agency’s requirements. The provider eligibility, health and safety requirement is administered by a 3rd-party. The 3rd-party is required to determine and document the provider’s eligibility with the Agency’s requirements. The 3rd party provider did not consistently maintain the health and safety documentation.

Cause:

The 3rd-party provider did not consistently maintain the health and safety provider agreements.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Effect:

The Agency is unable to support provider compliance with the health and safety standards.

Questioned costs:

Undetermined due to the lack of documentation

Recommendation:

We recommend the Agency review its procedures to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of responsible officials:

Management agrees with the finding.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Reference Number: 2020-015
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Award Number and Year: 1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
1905VTINCT (10/1/2018 – 9/30/2019)
2005VTINCT (10/1/2019 – 9/30/2020)
1905VTIMPL (10/1/2018 – 9/30/2019)
2005VTIMPL (10/1/2019 – 9/30/2020)
Compliance Requirement: Reporting – CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: A reporting requirement of the CMS-64, *Quarterly Statement of Expenditures for the Medical Assistance Program*, is to report quarterly overpayment adjustments by fiscal year. Overpayments must be reported separately for FY2020, FY2019, FY2018 and FY2017 and prior. States must accurately report these overpayments and maintain adequate documentation supporting the amounts reported.

Control: 200.303 The Non-Federal entity must: (a) 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 incorrectly reported Medicaid overpayment adjustments on the 12/31/2019 CMS-64 report. The Agency reported overpayments for:

- a. FY 2017 and prior as \$841, correct amount was \$0,
- b. FY 2018 as \$12,175, correct amount was \$841, and
- c. FY 2018 as \$0, correct amount was \$12,175.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Condition (Continued):

The errors resulted in the overpayment subtotal being incorrect as following:

- a. FY 2017 and prior, \$148, should be (\$693),
- b. FY 2018, \$3,771, should be (\$7,563),
- c. FY 2019, \$0, should be \$12,175.

Context:

One out of two quarterly reports tested reported the Medicaid overpayments in the wrong column which resulted in attributing the overpayments to the wrong reporting year.

Cause:

The error was not detected during the supervisory review process.

Effect:

Reporting financial information for the wrong fiscal year may affect related reporting by the grantor agency or future program funding.

Questioned costs:

Undetermined, the error, although reported for the wrong fiscal year, was accurate and agreed to supporting documentation.

Recommendation:

We recommend the Agency review its procedures to ensure that supervisory review is consistently performed in order to detect errors in a timely manner.

Views of responsible officials:

Management agrees with the finding.

**STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

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

Reference Number: 2020-016
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Disability Insurance/Social Security Cluster
CFDA Number: 96.001, 96.006
Award Number and Year: 1901VTADPT
2001VTADPT
Compliance Requirement: Reporting – SSA-4514 -Time Report of Personnel Services for Disability Determination Services
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services* is used to report the number of hours worked by staffing category and employment status (i.e., full-time, part-time, temporary). This report should reflect all hours worked by personnel engaged in the SSA disability program during the reporting period.

Holiday and Leave Hours reporting: For each staffing category (i.e., full-time, part-time, and temporary), the hours for holidays observed by the State agency and for sick, annual, or other paid leave (e.g., lump sum leave, military leave, etc.) must be entered. The entries in this column should include the proportionate share of holidays and leave time of the regular staff of the agency who worked part-time on the SSA disability program.

Control: 200.303 The Non-Federal entity must: (a) 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 incorrectly reported the allocation of supervisors and examiners hours between the on-duty and holiday and leave hours. We identified 7.75 hours that were incorrectly reported between the two categories. The error did not affect the total hours for the reporting period.

Context:

One out of two quarterly reports tested resulted in the reporting error.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

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

Cause:

The error was not identified during the supervisory review due to oversight.

Effect:

The error may affect related reporting requirements of the grantor agency.

Questioned costs:

Undetermined, the error did not affect the total employee hours reported to the grantor.

Recommendation:

We recommend the Agency review its procedures to ensure that the supervisory review is consistently performed and errors are detected in a timely manner.

Views of responsible officials:

Management agrees with the finding.