



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: December 11, 2013
Subject: Grant/Position Requests

Enclosed please find five (5) items that the Joint Fiscal Office has received from the administration. Two limited service positions are associated with these items.

JFO #2656 – Request to establish **two (2) limited service positions** in the Department of Public Safety. These positions will perform accounting and audit functions associated with the monitoring of federal grants. Funding for these positions is available from existing federal grants that permit allocation of grant funds to audit functions.
[JFO received 12/11/13]

JFO #2657 – \$20,000 grant from the Permanent Fund for Vermont's Children and the Turrell Fund to the Vermont Agency of Human Services. These funds will be used to hire a contractor to develop the Early Childhood Framework Action Plan.
[JFO received 12/11/13]

JFO #2658 – \$186,000 grant from the Northern Border Regional Commission to the Vermont Department of Economic Development. These funds will support 16 ExporTech training sessions intended to help small and medium businesses and organizations obtain technical assistance related to international trade.
[JFO received 12/11/13]

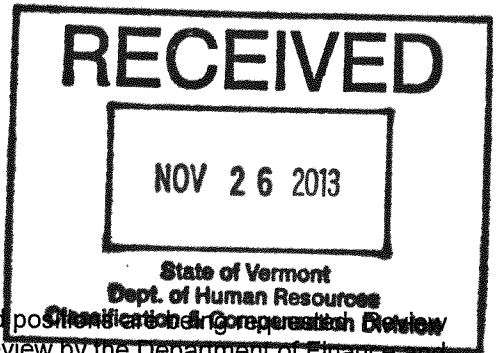
JFO #2659 – \$200,000 grant from the University of Kansas Center for Research to the Vermont Agency of Education. These funds will be used to improve educational outcomes by providing technical assistance and other resources to schools as part of the Schoolwide Integrated Framework for Transformation project.
[JFO received 12/11/13]

JFO #2660 – \$53,994 donation (in the form of two Prius plug-in vehicles) from the Toyota Corporation to the Vermont Department of Buildings and General Services. These vehicles will become part of the Fleet Management Services.
[JFO received 12/11/13]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by January 3 we will assume that you agree to consider as final the Governor's acceptance of these requests.

JFO 2656

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form



This form is to be used by agencies and departments when additional grant funded positions are requested. Approval and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Department of Public Safety Date: _____

Name and Phone (of the person completing this request): Marie Hayward (802) 241-5413

Request is for:

- Positions funded and attached to a new grant.
- Positions funded and attached to an existing grant approved by JFO # see attached

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Indirect Rate Agreement Certified by:
DHS - Federal Emergency Management Agency

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

<u>Title* of Position(s) Requested</u>	<u># of Positions</u>	<u>Division/Program</u>	<u>Grant Funding Period/Anticipated End Date</u>
PS Accounting & Audit Analyst	2	Administration	Indirect Rate Approved 7/1/2012 the rate is effective until amended

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

The requested positions are needed to provide the department with the resources to fulfill the oversight requirements under Agency of Administration Bulletin 5 & 5.5, 31 USC 7502(f)(2)(B) "Single Audit Act" of 1996 and, OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." During SFY 2013 DPS expended \$9,401,978.41 in state and federal funds to 185 recipients that DPS must audit.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

[Signature] _____ Date 8/7/13

Approved/Denied by Department of Human Resources _____ Date 12/3/13

Approved/Denied by Finance and Management _____ Date 12/5/13

Approved/Denied by Secretary of Administration _____ Date 12/4/13

Comments:

DEC 3 - 2013



State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.vermont.gov

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Joanne L. Chadwick, Department of Public Safety Director of Administration *JLC*
SUBJECT: Public Safety Grant Acceptance Request (AA-1-ACA)
DATE: August 14, 2013
CC: Department of Finance and Management Budget Office

The Department of Public Safety (DPS) is submitting a request for approval by the Joint Fiscal Committee for the creation of two limited service positions to be funded with federal indirect funding. The positions will support auditing of DPS sub-recipients to ensure risk is controlled and to improve federal programs outcomes. DPS executes in the range of four to six hundred new sub-grants per year, and this number has been increasing annually since 2010. The dollar value of these sub-granted funds averages around \$9 million expended each year over the last 10 years. Federal, State, and department sub-grant monitoring guidelines require that these sub-recipients be audited for regulatory compliance on a cyclical three-year basis.

Justification for the Request: DPS currently has a single auditor position to monitor both Federal and State funded pass-through funds, as well as to audit departmental internal controls and processes. A second auditor position was cut in 2008 under a position reduction mandate. Concurrently, since 2008, federal regulations and oversight has become much more stringent and complex, with federal auditors reviewing more frequently and at a greater level of detail. Given these pressures, DPS is unable to keep up with audit requirements, which puts DPS, and therefore, the State of Vermont, at risk. Additionally, DPS's auditor has had many new demands placed upon her due to events such as Tropical Storm Irene requiring review and payments of just under \$4.3 million to other states through Emergency Management Assistance Compact (EMAC) agreements. The department has also identified a clear need to develop a robust system of internal process and payroll audit. It is not feasible for a single position to handle this range of responsibility given the complexity and scope of DPS's federal grant and passthrough programs.

Administration Division Reorganization: The DPS Administration Division has recently reorganized structurally to focus on proactive approaches to maximizing efficiency and controlling risk. As part of this initiative, I have created a new "Policy, Audit, and Compliance Unit," which, once appropriately staffed, will work to develop a more robust structure of internal and external monitoring of grant regulation compliance and risk control. Part of our plan is to also perform more in-depth training of sub-recipients in advance of receiving DPS granted funds to ensure that sub-recipients have a better understanding of regulations, leading to improved grant program and audit outcomes. We are also planning to create comprehensive administrative procedure training for DPS staff and supervisors to, again, move to be more



proactive in avoiding risk rather than reactive in finding and correcting it after the fact. To ensure DPS achieves these expectations, this new unit will require staffing.

Position Funding: DPS proposes to fund these requested positions with federal indirect funds. In 2012, DPS developed for the first time an Indirect Cost Rate Proposal, which was approved by our cognizant federal agency, the U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA). This allows DPS to apply the indirect rate to all federal awards, contracts and, agreements. We have now included indirect charges in our federal grant budgets where allowable to ensure that DPS can properly manage the impacts of grant programs, including the need to properly audit granted funds, on our infrastructure.

Identification of Federal CFDA: Our proposal identifies funding from multiple federal grants that will support these position costs. We will be charging and drawing this indirect rate on all DPS federal grants where allowable. Therefore, the Federal Category numbers listed on section 5 of the AA-1 form are all DPS grants that allow indirect cost rate to be applied.

Reliability of Funding: We are confident that the new funding we are able to draw will continue to be available to support these proposed position and operating costs, as the majority of the funding is drawn from established formula grants. However, in the event of a loss of funding, one of the positions could be cut or hours reduced as necessary.

Explanation of Funding Documents: To further inform your discussion of our request, we have included as Attachment C, a summary of federal funds that have been expended by Public Safety over the last 10 years. The amount Public Safety has passed through to sub-recipients over the last 10 years has been highlighted in this document. Attachment D illustrates the organizations to whom DPS has issued sub-granted funds. You will see that DPS has issued grants to close to 300 different sub-recipients from 2010-2013.

I sincerely appreciate the Committee's consideration of this request, and would be happy to respond to any questions or requests for additional information.

Supporting Documentation:

- AA-1-ACA Vermont Grant Acceptance Request
- Limited Service Grant Funded Position Request Form (Form DHR-11/7/05)
- Attachment A: Grants Data (DPS JFO numbers listing)
- Attachment B: Proposed Budget Detail to support AA-1 request
- Attachment C: Expended Federal Funds Data
- Attachment D: DPS Passthrough Data SFY10-13
- Attachment E: DPS Indirect Cost Rate Agreement
- Attachment F: A-133 Compliance Supplement Excerpt - Subrecipient Monitoring

Proposed Budget Detail to Support AA-1 Position Request

VERMONT DEPARTMENT OF PUBLIC SAFETY			
AA-1-ACA Budget Information Detail			
	SFY 1	SFY 2	SFY 3
BUDGET PROJECTION			
Salary (2 PG 24s w 1.15 MKT)	111,820.00	111,820.00	111,820.00
Benefits	42,860.00	42,860.00	42,860.00
Total Personal Services	154,680.00	154,680.00	154,680.00
Vehicle	30,000.00		
Travel (meals/lodging/air/incidental)	5,000.00	3,000.00	3,000.00
Computers	4,000.00		
Office Supplies	600.00	200.00	200.00
Office Furniture	4,000.00		
Total Operating	43,600.00	3,200.00	3,200.00
Net Total	198,280.00	157,880.00	157,880.00
3 Year Total			\$ 514,040.00

Attachment C

VERMONT DEPARTMENT OF PUBLIC SAFETY
FEDERAL FUNDS EXPENDED

Federal Funds Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand Total
Personal Services	2,099,778.47	3,733,741.98	3,453,051.73	3,336,315.81	4,001,082.00	3,821,502.99	3,369,227.35	3,476,457.64	3,636,766.42	3,758,178.22	34,686,102.61
Operating Expense	6,373,931.69	3,661,702.83	5,664,976.34	5,003,593.35	6,701,852.93	5,138,815.36	3,683,965.38	4,845,404.96	10,940,571.50	7,853,226.23	59,868,040.57
Subgrants	4,859,846.89	13,626,537.45	18,601,189.53	17,459,411.40	9,587,726.14	8,648,239.38	9,293,556.75	9,929,614.79	8,942,378.64	11,371,297.08	112,319,798.05
Grand Total	13,333,557.05	21,021,982.26	27,719,217.60	25,799,320.56	20,290,661.07	17,608,557.73	16,346,749.48	18,251,477.39	23,519,716.56	22,982,701.53	206,873,941.23

American Recovery and Reinvestment Act (ARRA) Funds Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand Total
Personal Services								14,557,091.01	182,932.25	210,315.44	14,950,338.70
Operating Expense								1,053,670.03	1,331,872.26	342,416.79	2,727,959.08
Subgrants								47,714.00	296,189.29		343,903.29
Grand Total								15,658,475.04	1,810,993.80	552,732.23	18,022,201.07

FEDERAL FUNDS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand Total
	13,333,557.05	21,021,982.26	27,719,217.60	25,799,320.56	20,290,661.07	17,608,557.73	16,346,749.48	33,909,952.43	25,330,710.36	23,535,433.76	224,896,142.30

M. SUBRECIPIENT MONITORING

Control Objectives

To provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.

Control Environment

- Establishment of “tone at the top” of management’s commitment to monitoring subrecipients.
- Management’s intolerance of overriding established procedures to monitor subrecipients.
- Entity’s organizational structure and its ability to provide the necessary information flow to monitor subrecipients are adequate.
- Sufficient resources dedicated to subrecipient monitoring.
- Knowledge, skills, and abilities needed to accomplish subrecipient monitoring tasks defined.
- Individuals performing subrecipient monitoring possess knowledge, skills, and abilities required.
- Subrecipients demonstrate that:
 - They are willing and able to comply with the requirements of the award, and
 - They have accounting systems, including the use of applicable cost principles, and internal control systems adequate to administer the award.
- Appropriate sanctions taken for subrecipient noncompliance.

Risk Assessment

- Key managers understand the subrecipient’s environment, systems, and controls sufficient to identify the level and methods of monitoring required.
- Mechanisms exist to identify risks arising from external sources affecting subrecipients, such as risks related to:
 - Economic conditions.
 - Political conditions.
 - Regulatory changes.
 - Unreliable information.
- Mechanisms exist to identify and react to changes in subrecipients, such as:
 - Financial problems that could lead to diversion of grant funds,
 - Loss of essential personnel,
 - Loss of license or accreditation to operate program,
 - Rapid growth,
 - New activities, products, or services, and
 - Organizational restructuring.

Control Activities

- Identify to subrecipients the Federal award information (e.g., CFDA title and number, award name, name of Federal agency, amount of award) and applicable compliance requirements.
- Include in agreements with subrecipients the requirement to comply with the compliance requirements applicable to the Federal program, including the audit requirements of OMB Circular A-133.
- Subrecipients' compliance with audit requirements monitored using techniques such as the following:
 - Determining by inquiry and discussions whether subrecipient met thresholds requiring an audit under OMB Circular A-133;
 - If an audit is required, ensuring that the subrecipient submits the report, report package or the documents required by OMB circulars and/or recipient's requirements; and
 - If a subrecipient was required to obtain an audit in accordance with OMB Circular A-133 but did not do so, following up with the subrecipient until the audit is completed. Taking appropriate actions, such as withholding further funding, until the subrecipient meets the audit requirements.
- Subrecipient's compliance with Federal program requirements monitored using such techniques as the following:
 - Issuing timely management decisions for audit and monitoring findings to inform the subrecipient whether the corrective action planned is acceptable,
 - Maintaining a system to track and follow-up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken,
 - Regular contacts with subrecipients and appropriate inquiries concerning the Federal program,
 - Reviewing subrecipient reports and following-up on areas of concern,
 - Monitoring subrecipient budgets,
 - Performing site visits to subrecipients to review financial and programmatic records and observe operations, and
 - Offering subrecipients technical assistance where needed.
- Official written policies and procedures exist establishing:
 - Communication of Federal award requirements to subrecipients;
 - Responsibilities for monitoring subrecipients;
 - Process and procedures for monitoring;
 - Methodology for resolving findings of subrecipient noncompliance or weaknesses in internal control; and
 - Requirements for and processing of subrecipient audits, including appropriate adjustment of pass-through entity's accounts.

Information and Communication

- Standard award documents used by the non-Federal entity contain:
 - A listing of Federal requirements that the subrecipient must follow. Items can be specifically listed in the award document, attached as an exhibit to the document, or incorporated by reference to specific criteria.
 - The description and program number for each program as stated in the CFDA. If the program funds include pass-through funds from another recipient, the pass-through program information should also be identified.
 - A statement signed by an official of the subrecipient, stating that the subrecipient was informed of, understands, and agrees to comply with the applicable compliance requirements.
- A recordkeeping system is in place to assure that documentation is retained for the time period required by the recipient.
- Procedures are in place to provide channels for subrecipients to communicate concerns to the pass-through entity.

Monitoring

- Establish a tracking system to assure timely submission of required reporting, such as financial reports, performance reports, audit reports, onsite monitoring reviews of subrecipients, and timely resolution of audit findings.
- Supervisory reviews performed to determine the adequacy of subrecipient monitoring.

Department of Public Safety
 Organizational Chart
 Administration Division
 (After Reorganization)
 July 1, 2013

