

**STATE OF VERMONT**  
**UNIFORM GUIDANCE**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**STATE OF VERMONT  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2021**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b> | <b>1</b>  |
| <b>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</b>      | <b>4</b>  |
| <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>  | <b>9</b>  |
| <b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>   | <b>21</b> |
| <b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>   | <b>25</b> |



**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  
 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, 2021, 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 23, 2021. 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% 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 |
| <b>Governmental Activities</b>                        | Universal Service Fund; Special Environmental Revolving Fund   | 0.06%                           | 0.07%                |
| <b>Business-Type Activities</b>                       | State Lottery Fund; Energy Efficiency Utility Fund   | 10.07%                          | 21.38%               |
| <b>Special Fund</b>                                   | Universal Service Fund   | 1.50%                           | 1.70%                |
| <b>State Lottery Fund</b>                             | State Lottery Fund   | 100.00%                         | 100.00%              |
| <b>Aggregate Remaining Fund Information</b>           | Energy Efficiency Utility Fund   | 0.42%                           | 2.70%                |
| <b>Aggregate Discretely Presented Component Units</b> | 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  
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 questioned costs, 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 2021-001, 2021-002, 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

### **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 questioned costs. 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  
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.

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

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 20, 2022



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

The Speaker of the House of Representatives, President  
Pro-Tempore of the Senate, and the Governor  
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, 2021. 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 Agency, 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, 2021. 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 and 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  
 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:

| <b>Program</b>   | <b>Assistance Listing</b>      | <b>Noncompliance</b>  | <b>Finding Number</b> |
|--|--------------------------------|---|-----------------------|
| Unemployment Insurance   | 17.225                         | Reporting   | 2021-009              |
| Unemployment Insurance   | 17.225                         | Eligibility   | 2021-012              |
| COVID-19 - Emergency Rental Assistance   | 21.023                         | Subrecipient Monitoring   | 2021-016              |
| Title I Grants to Local Educational Agencies   | 84.010                         | Reporting   | 2021-017              |
| COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases                          | 93.323                         | Reporting   | 2021-019              |
| Children’s Health Insurance Program Medicaid Cluster   | 93.767, 93.775, 93.777, 93.778 | Special Tests and Provisions – Provider Eligibility               | 2021-022              |
| Medicaid Cluster   | 93.775, 93.777, 93.778         | Special Tests and Provisions – Provider Health & Safety Standards | 2021-025              |
| Medicaid Cluster   | 93.775, 93.777, 93.778         | Reporting   | 2021-026              |
| COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | 97.050                         | Reporting   | 2021-028              |

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

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 each of the programs for the year ended June 30, 2021.

### ***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, 2021.

### ***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 2021-005, 2021-006, 2021-010, 2021-011, 2021-014, 2021-015, 2021-018, 2021-020, 2021-021, 2021-023, 2021-024, and 2021-027. Our opinion on each major federal program is not modified with respect to these matters.

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.



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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-008, 2021-009, 2021-012, 2021-016, 2021-017, 2021-019, 2021-022, 2021-025, 2021-026, and 2021-028 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 2021-005, 2021-006, 2021-007, 2021-010, 2021-011, 2021-013, 2021-014, 2021-015, 2021-018, 2021-020, 2021-021, 2021-023, 2021-024, and 2021-027 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.

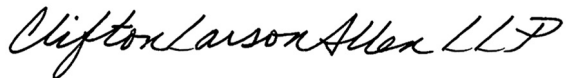
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **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, 2021 and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 23, 2021, which contained unmodified opinions on those financial statements.

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

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.

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

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 20, 2022

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Program or Cluster Title   | Assistance Listing | Pass-Through Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|--|--------------------|---------------------------------|----------------------|---------------------------------|
| <b>U.S. Department of Agriculture</b>  |                    |                                 |                      |                                 |
| Plant and Animal Disease, Pest Control, and Animal Care                                    | 10.025             |                                 | \$ 293,051           | \$ -                            |
| Conservation Reserve Program   | 10.069             |                                 | 46,221               | -                               |
| Market News  | 10.153             |                                 | 22,688               | -                               |
| Federal-State Marketing Improvement Program  | 10.156             |                                 | 28,762               | 18,600                          |
| Market Protection and Promotion  | 10.163             |                                 | 5,400                | -                               |
| Specialty Crop Block Grant Program - Farm Bill   | 10.170             |                                 | 299,261              | 236,734                         |
| Organic Certification Cost Share Programs  | 10.171             |                                 | 363,717              | 2,000                           |
| Acer Access Development Program  | 10.174             |                                 | 167,690              | -                               |
| Dairy Business Innovation Initiatives  | 10.176             |                                 | 410,190              | 107,250                         |
| Trade Mitigation Program Eligible Recipient Agency Operational Funds                       | 10.178             |                                 | 82,000               | 82,000                          |
| Cooperative Agreements with States for Intrastate Meat and Poultry Inspection              | 10.475             |                                 | 762,170              | -                               |
| Meat, Poultry, and Egg Products Inspection   | 10.477             |                                 | 3,064                | -                               |
| CACFP Training Grants  | 10.536             |                                 | 60,164               | -                               |
| COVID-19 - Pandemic EBT Food Benefits  | 10.542             |                                 | 15,223,638           | -                               |
| Farmers' Market Supplemental Nutrition Assistance Program Support Grants                   | 10.545             |                                 | 3,234                | -                               |
| Special Milk Program for Children  | 10.556             |                                 | 1,517                | 1,517                           |
| COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children     | 10.557             |                                 | 1,055,072            | -                               |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children                |                    |                                 | 9,348,920            | -                               |
| Total 10.557 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children |                    |                                 | <u>10,403,992</u>    | <u>-</u>                        |
| Child and Adult Care Food Program  | 10.558             |                                 | 5,087,265            | 4,994,615                       |
| State Administrative Expenses for Child Nutrition  | 10.560             |                                 | 738,150              | 750                             |
| WIC Farmers' Market Nutrition Program (FMNP)   | 10.572             |                                 | 49,672               | -                               |
| Farm to School Grant Program   | 10.575             |                                 | 19,569               | 19,569                          |
| Senior Farmers Market Nutrition Program  | 10.576             |                                 | 73,497               | 57,119                          |
| WIC Grants To States (WGS)   | 10.578             |                                 | 28,685               | -                               |
| Child Nutrition Discretionary Grants Limited Availability                                  | 10.579             |                                 | 78,160               | 78,160                          |
| Fresh Fruit and Vegetable Program  | 10.582             |                                 | 1,198,819            | 1,102,688                       |
| Child Nutrition Direct Certification Performance Awards                                    | 10.589             |                                 | 39,253               | -                               |
| COVID-19 - Pandemic EBT Administrative Costs   | 10.649             |                                 | 298,675              | -                               |
| Cooperative Forestry Assistance  | 10.664             |                                 | 1,171,319            | 690,397                         |
| Passed Through Michigan Department of Natural Resources                                    |                    | 19-DG-11420000-090              | 18,023               | 16,000                          |
| Total 10.664 - Cooperative Forestry Assistance   |                    |                                 | <u>1,189,342</u>     | <u>706,397</u>                  |
| Wood Utilization Assistance  | 10.674             |                                 | 87,753               | 9,313                           |
| Forest Legacy Program  | 10.676             |                                 | 1,062,113            | -                               |
| Forest Health Protection   | 10.680             |                                 | 16,356               | 2,400                           |
| Community Forest and Open Space Conservation Program (CFP)                                 | 10.689             |                                 | 349                  | -                               |
| Good Neighbor Authority  | 10.691             |                                 | 3,750                | -                               |
| Partnership Agreements   | 10.699             |                                 | 3,697                | 2,281                           |
| Rural Energy for America Program   | 10.868             |                                 | 20,937               | 20,000                          |
| Environmental Quality Incentives Program   | 10.912             |                                 | 225,551              | -                               |
| Regional Conservation Partnership Program  | 10.932             |                                 | 226,520              | -                               |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>   | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of Agriculture (Continued)</b>                                       |                           |  |                             |  |
| <i>SNAP Cluster</i>   |                           |  |                             |  |
| Supplemental Nutrition Assistance Program   | 10.551                    |  | \$ 157,529,582              | \$ 574,045                             |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program  | 10.561                    |  | 12,285,861                  | 1,468,164                              |
| <i>Total SNAP Cluster</i>   |                           |  | <u>169,815,443</u>          | <u>2,042,209</u>                       |
| <i>Child Nutrition Cluster</i>  |                           |  |                             |  |
| School Breakfast Program  | 10.553                    |  | 159,241                     | 159,241                                |
| National School Lunch Program   | 10.555                    |  | 3,046,050                   | 306,746                                |
| Summer Food Service Program for Children  | 10.559                    |  | 42,310,083                  | 42,171,025                             |
| <i>Total Child Nutrition Cluster</i>  |                           |  | <u>45,515,374</u>           | <u>42,637,012</u>                      |
| <i>Food Distribution Cluster</i>  |                           |  |                             |  |
| Commodity Supplemental Food Program   | 10.565                    |  | 778,279                     | 183,918                                |
| Emergency Food Assistance Program (Administrative Costs)                                | 10.568                    |  | 569,379                     | 569,379                                |
| Emergency Food Assistance Program (Food Commodities)                                    | 10.569                    |  | 2,219,472                   | -                                      |
| <i>Total Food Distribution Cluster</i>  |                           |  | <u>3,567,130</u>            | <u>753,297</u>                         |
| <i>Forest Service Schools and Roads Cluster</i>   |                           |  |                             |  |
| Schools and Roads - Grants to States  | 10.665                    |  | 228,486                     | 228,486                                |
| <i>Total Forest Service Schools and Roads Cluster</i>                                   |                           |  | <u>228,486</u>              | <u>228,486</u>                         |
| <b>Total U.S. Department of Agriculture</b>   |                           |  | <u>257,751,305</u>          | <u>53,102,397</u>                      |
| <b>U.S. Department of Commerce</b>  |                           |  |                             |  |
| Passed Through Chittenden County Regional Planning Commission                           | 11.302                    | ED20PHI3020087                         | 16,252                      | -                                      |
| State and Local Implementation Grant Program  | 11.549                    |  | 39,912                      | -                                      |
| <b>Total U.S. Department of Commerce</b>  |                           |  | <u>56,164</u>               | <u>-</u>                               |
| <b>U.S. Department of Defense</b>   |                           |  |                             |  |
| Procurement Technical Assistance For Business Firms                                     | 12.002                    |  | 492,351                     | -                                      |
| State Memorandum of Agreement Program for the Reimbursement of Technical Services       | 12.113                    |  | 3,979                       | -                                      |
| Military Construction, National Guard   | 12.400                    |  | 10,073,167                  | -                                      |
| National Guard Military Operations and Maintenance (O&M) Projects                       | 12.401                    |  | 24,030,163                  | -                                      |
| National Guard ChalleNGe Program  | 12.404                    |  | 847,876                     | -                                      |
| Economic Adjustment Assistance for State Governments                                    | 12.617                    |  | 688,231                     | 35,563                                 |
| <b>Total U.S. Department of Defense</b>   |                           |  | <u>36,135,767</u>           | <u>35,563</u>                          |
| <b>U.S. Department of Housing and Urban Development</b>                                 |                           |  |                             |  |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228                    |  | 9,135,482                   | 8,569,379                              |
| COVID-19 - Emergency Solutions Grant Program  | 14.231                    |  | 1,905,866                   | 1,863,448                              |
| Emergency Solutions Grant Program   |                           |  | 581,033                     | 543,430                                |
| <b>Total 14.231 - Emergency Solutions Grant Program</b>                                 |                           |  | <u>2,486,899</u>            | <u>2,406,878</u>                       |
| Home Investment Partnerships Program  | 14.239                    |  | 3,179,745                   | 180,168                                |
| Continuum of Care Program   | 14.267                    |  | 403,608                     | 393,364                                |
| Office of Fair Housing-Assistance Grant   | 14.999                    |  | 90,372                      | -                                      |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <b>Federal Grantor/Program or Cluster Title</b>   | <b>Assistance Listing</b> | <b>Pass-Through Identifying Number</b> | <b>Federal Expenditures</b> | <b>Passed Through to Subrecipients</b> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of the Housing and Urban Development (Continued)</b>                   |                           |  |                             |  |
| <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                    |  | \$ 55,174                   | \$ 55,174                              |
| <i>Total CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster</i>                      |                           |  | 55,174                      | 55,174                                 |
| Total Department of Housing and Urban Development   |                           |  | 15,351,280                  | 11,604,963                             |
| <b>U.S. Department of the Interior</b>  |                           |  |                             |  |
| Fish and Wildlife Management Assistance   | 15.608                    |  | 29,241                      | -                                      |
| Cooperative Endangered Species Conservation Fund  | 15.615                    |  | 421,274                     | 1,061                                  |
| Clean Vessel Act  | 15.616                    |  | 30,916                      | 26,532                                 |
| Partners for Fish and Wildlife  | 15.631                    |  | 43,250                      | -                                      |
| State Wildlife Grants   | 15.634                    |  | 499,804                     | 90,190                                 |
| Endangered Species Recovery Implementation  | 15.657                    |  | 33,380                      | -                                      |
| National Cooperative Geologic Mapping   | 15.810                    |  | 74,010                      | -                                      |
| Historic Preservation Fund Grants-In-Aid  | 15.904                    |  | 435,684                     | 65,686                                 |
| Outdoor Recreation Acquisition, Development and Planning                                  | 15.916                    |  | 417,822                     | 280,000                                |
| National Maritime Heritage Grants   | 15.925                    |  | 45,063                      | 42,918                                 |
| Water Use and Data Research   | 15.981                    |  | 55,515                      | -                                      |
| <i>Fish and Wildlife Cluster</i>  |                           |  |                             |  |
| Sport Fish Restoration  | 15.605                    |  | 2,595,587                   | -                                      |
| Wildlife Restoration and Basic Hunter Education   | 15.611                    |  | 3,337,059                   | 78,785                                 |
| <i>Total Fish and Wildlife Cluster</i>  |                           |  | 5,932,646                   | 78,785                                 |
| Total U.S. Department of Interior   |                           |  | 8,018,605                   | 585,172                                |
| <b>U.S. Department of Justice</b>   |                           |  |                             |  |
| Sexual Assault Services Formula Program   | 16.017                    |  | 417,591                     | 340,808                                |
| COVID-19 - Coronavirus Emergency Supplemental Funding Program                             | 16.034                    |  | 281,618                     | 14,567                                 |
| Services for Trafficking Victims  | 16.320                    |  | 140,730                     | -                                      |
| Juvenile Justice and Delinquency Prevention   | 16.540                    |  | 234,290                     | 113,973                                |
| Missing Children's Assistance   | 16.543                    |  | 254,750                     | 21,068                                 |
| State Justice Statistics Program for Statistical Analysis Centers                         | 16.550                    |  | 201,153                     | -                                      |
| National Criminal History Improvement Program (NCHIP)                                     | 16.554                    |  | 73,397                      | -                                      |
| Crime Victim Assistance   | 16.575                    |  | 4,686,809                   | 4,626,715                              |
| Crime Victim Compensation   | 16.576                    |  | 317,151                     | -                                      |
| Crime Victim Assistance/Discretionary Grants  | 16.582                    |  | 383,009                     | -                                      |
| Drug Court Discretionary Grant Program  | 16.585                    |  | 224,474                     | -                                      |
| Violence Against Women Formula Grants   | 16.588                    |  | 895,204                     | 722,948                                |
| Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | 16.589                    |  | 245,895                     | 231,736                                |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program          | 16.590                    |  | 140,390                     | -                                      |
| Residential Substance Abuse Treatment for State Prisoners                                 | 16.593                    |  | 42,011                      | -                                      |
| Public Safety Partnership and Community Policing Grants                                   | 16.710                    |  | 496,132                     | -                                      |
| Juvenile Mentoring Program  | 16.726                    |  | 394,046                     | 387,430                                |
| Edward Byrne Memorial Justice Assistance Grant Program                                    | 16.738                    |  | 488,906                     | 98,363                                 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Program or Cluster Title                       | Assistance<br>Listing | Pass-Through<br>Identifying Number | Federal<br>Expenditures | Passed Through to<br>Subrecipients |
|--|-----------------------|------------------------------------|-------------------------|------------------------------------|
| <b>U.S. Department of the Justice (Continued)</b>              |                       |                                    |                         |                                    |
| DNA Backlog Reduction Program                                  | 16.741                |                                    | \$ 240,302              | \$ -                               |
| Paul Coverdell Forensic Sciences Improvement Grant Program     | 16.742                |                                    | 148,650                 | -                                  |
| Harold Rogers Prescription Drug Monitoring Program             | 16.754                |                                    | 129,997                 | -                                  |
| Second Chance Act Reentry Initiative                           | 16.812                |                                    | 9,627                   | -                                  |
| Justice Reinvestment Initiative                                | 16.827                |                                    | 469                     | -                                  |
| STOP School Violence   | 16.839                |                                    | 4,824                   | -                                  |
| Equitable Sharing Program                                      | 16.922                |                                    | 25,398                  | -                                  |
| <i>Contract/Other</i>  | 16.999                |                                    |                         |                                    |
| FBI-VTOC/Cyber/Intelligence                                    |                       |                                    | 16,398                  | -                                  |
| US Marshall's District Fugitive Task Force                     |                       |                                    | 4,432                   | -                                  |
| ICE/SLOT   |                       |                                    | 1,701                   | -                                  |
| Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury) |                       |                                    | 560                     | -                                  |
| <i>Total Contract/Other</i>                                    |                       |                                    | 23,091                  | -                                  |
| Total U.S. Department of Justice                               |                       |                                    | 10,499,914              | 6,557,608                          |
| <b>U.S. Department of Labor</b>                                |                       |                                    |                         |                                    |
| Labor Force Statistics   | 17.002                |                                    | 808,594                 | -                                  |
| Compensation and Working Conditions                            | 17.005                |                                    | 41,756                  | -                                  |
| COVID-19 - Unemployment Insurance                              | 17.225                |                                    | 644,865,926             | -                                  |
| Unemployment Insurance   |                       |                                    | 250,566,374             | -                                  |
| Total 17.225 - Unemployment Insurance                          |                       |                                    | 895,432,300             | -                                  |
| Senior Community Service Employment Program                    | 17.235                |                                    | 498,800                 | 479,834                            |
| Trade Adjustment Assistance                                    | 17.245                |                                    | 324,495                 | -                                  |
| H-1B Job Training Grants                                       | 17.268                |                                    | 565                     | -                                  |
| Work Opportunity Tax Credit Program (WOTC)                     | 17.271                |                                    | 102,925                 | -                                  |
| Temporary Labor Certification for Foreign Workers              | 17.273                |                                    | 174,559                 | -                                  |
| Apprenticeship USA Grants                                      | 17.285                |                                    | 373,343                 | 121,418                            |
| Occupational Safety and Health State Program                   | 17.503                |                                    | 773,302                 | -                                  |
| Consultation Agreements  | 17.504                |                                    | 579,427                 | -                                  |
| Mine Health and Safety Grants                                  | 17.600                |                                    | 103,748                 | -                                  |
| Disability Employment Policy Development                       | 17.720                |                                    | 2,079,140               | 1,879,470                          |
| <i>Employment Service Cluster</i>                              |                       |                                    |                         |                                    |
| Employment Service/Wagner-Peyser Funded Activities             | 17.207                |                                    | 2,780,642               | -                                  |
| Jobs for Veterans State Grants                                 | 17.801                |                                    | 530,505                 | -                                  |
| <i>Total Employment Service Cluster</i>                        |                       |                                    | 3,311,147               | -                                  |
| <i>WIOA Cluster</i>  |                       |                                    |                         |                                    |
| WIOA Adult Program   | 17.258                |                                    | 1,773,863               | -                                  |
| WIOA Youth Activities  | 17.259                |                                    | 1,922,007               | -                                  |
| WIOA Dislocated Worker Formula Grants                          | 17.278                |                                    | 843,095                 | -                                  |
| <i>Total WIOA Cluster</i>                                      |                       |                                    | 4,538,965               | -                                  |
| Total U.S. Department of Labor                                 |                       |                                    | 909,143,066             | 2,480,722                          |
| <b>U.S. Department of Transportation</b>                       |                       |                                    |                         |                                    |
| Airport Improvement Program                                    | 20.106                |                                    | 2,712,860               | -                                  |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <b>Federal Grantor/Program or Cluster Title</b>   | <b>Assistance Listing</b> | <b>Pass-Through Identifying Number</b> | <b>Federal Expenditures</b> | <b>Passed Through to Subrecipients</b> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of Transportation (Continued)</b>  |                           |  |                             |  |
| Highway Research and Development Program  | 20.200                    |  | \$ 1,445,257                | \$ 18,381                              |
| Highway Training and Education  | 20.215                    |  | 146,801                     | -                                      |
| Commercial Driver's License Program Implementation Grant  | 20.232                    |  | 22,954                      | -                                      |
| Railroad Development  | 20.314                    |  | 63,696                      | -                                      |
| High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants                    | 20.319                    |  | 1,018                       | -                                      |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research                     | 20.505                    |  | 1,147,354                   | 1,147,354                              |
| COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program  | 20.509                    |  | 9,331,704                   | 7,839,633                              |
| Formula Grants for Rural Areas and Tribal Transit Program   |                           |  | 11,335,481                  | 10,545,134                             |
| Total 20.509 - Formula Grants for Rural Areas and Tribal Transit Program                                      |                           |  | 20,667,185                  | 18,384,767                             |
| Public Transportation Research, Technical Assistance, and Training  | 20.514                    |  | 38,509                      | 35,322                                 |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated  | 20.608                    |  | 396,356                     | 383,349                                |
| National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | 20.614                    |  | 6,547                       | -                                      |
| Interagency Hazardous Materials Public Sector Training and Planning Grants                                    | 20.703                    |  | 129,608                     | -                                      |
| PHMSA Pipeline Safety Program One Call Grant  | 20.721                    |  | 285,231                     | -                                      |
| National Infrastructure Investments   | 20.933                    |  | 2,759,206                   | -                                      |
| <i>Highway Planning and Construction Cluster</i>  |                           |  |                             |  |
| Highway Planning and Construction   | 20.205                    |  | 274,470,581                 | 23,349,096                             |
| Recreational Trails Program   | 20.219                    |  | 783,733                     | 442,141                                |
| Federal Lands Access Program  | 20.224                    |  | 4,885                       | -                                      |
| Total Highway Planning and Construction Cluster   |                           |  | 275,259,199                 | 23,791,237                             |
| <i>Federal Motor Carrier Safety Assistance Cluster</i>  |                           |  |                             |  |
| Motor Carrier Safety Assistance   | 20.218                    |  | 1,082,912                   | -                                      |
| Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements                    | 20.237                    |  | 194,272                     | -                                      |
| Total Federal Motor Carrier Safety Assistance Cluster   |                           |  | 1,277,184                   | -                                      |
| <i>Federal Transit Cluster</i>  |                           |  |                             |  |
| Federal Transit Capital Investment Grants   | 20.500                    |  | 429,722                     | 429,722                                |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs                               | 20.526                    |  | 5,413,894                   | 5,413,894                              |
| Total Federal Transit Cluster   |                           |  | 5,843,616                   | 5,843,616                              |
| <i>Transit Services Programs Cluster</i>  |                           |  |                             |  |
| Enhanced Mobility of Seniors and Individuals with Disabilities  | 20.513                    |  | 860,241                     | 850,536                                |
| Total Transit Services Programs Cluster   |                           |  | 860,241                     | 850,536                                |
| <i>Highway Safety Cluster</i>   |                           |  |                             |  |
| State and Community Highway Safety  | 20.600                    |  | 1,743,240                   | 849,032                                |
| Incentive Grant Program to Prohibit Racial Profiling  | 20.611                    |  | 24,383                      | 24,383                                 |
| National Priority Safety Programs   | 20.616                    |  | 2,250,421                   | 632,948                                |
| Total Highway Safety Cluster  |                           |  | 4,018,044                   | 1,506,363                              |
| Total U.S. Department of Transportation   |                           |  | 317,080,866                 | 51,960,925                             |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Program or Cluster Title   | Assistance Listing | Pass-Through Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|--|--------------------|---------------------------------|----------------------|---------------------------------|
| <b>U.S. Department of Treasury</b>   |                    |                                 |                      |                                 |
| Equitable Sharing  | 21.016             |                                 | \$ 809               | \$ -                            |
| COVID-19 - Coronavirus Relief Fund   | 21.019             |                                 | 1,051,703,277        | 350,289,981                     |
| COVID-19 - Emergency Rental Assistance Program   | 21.023             |                                 | 30,592,704           | 27,825,167                      |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds   | 21.027             |                                 | 14,007               | -                               |
| Total U.S. Department of Treasury  |                    |                                 | 1,082,310,797        | 378,115,148                     |
| <b>U.S. General Services Administration</b>  |                    |                                 |                      |                                 |
| Donation of Federal Surplus Personal Property  | 39.003             |                                 | 805,990              | -                               |
| Total U.S. General Services Administration   |                    |                                 | 805,990              | -                               |
| <b>U.S. Institute of Museum and Library Service</b>  |                    |                                 |                      |                                 |
| Grants to States   | 45.310             |                                 | 1,217,296            | 97,740                          |
| Total U.S. Institute of Museum and Library Service   |                    |                                 | 1,217,296            | 97,740                          |
| <b>U.S. Small Business Administration</b>  |                    |                                 |                      |                                 |
| State Trade Expansion  | 59.061             |                                 | 78,794               | 42,584                          |
| Total U.S. Small Business Administration   |                    |                                 | 78,794               | 42,584                          |
| <b>U.S. Department of Veterans Affairs</b>   |                    |                                 |                      |                                 |
| Post-9/11 Veterans Educational Assistance  | 64.028             |                                 | 90,658               | -                               |
| Total U.S. Department of Veterans Affairs  |                    |                                 | 90,658               | -                               |
| <b>U.S. Environmental Protection Agency</b>  |                    |                                 |                      |                                 |
| State Indoor Radon Grants  | 66.032             |                                 | 102,823              | -                               |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 66.034             |                                 | 256,544              | -                               |
| Diesel Emissions Reduction Act (DERA) State Grants   | 66.040             |                                 | 485,524              | 444,827                         |
| Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program                             | 66.042             |                                 | 156,799              | -                               |
| Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))  | 66.444             |                                 | 180,000              | -                               |
| Water Quality Management Planning  | 66.454             |                                 | 94,387               | 40,000                          |
| Regional Wetland Program Development Grants  | 66.461             |                                 | 203,496              | -                               |
| Lake Champlain Basin Program   | 66.481             |                                 | 3,634,744            | 1,036,378                       |
| Performance Partnership Grants   | 66.605             |                                 | 5,343,025            | -                               |
| Environmental Information Exchange Network Grant Program and Related Assistance  | 66.608             |                                 | 13,857               | -                               |
| Consolidated Pesticide Enforcement Cooperative Agreements  | 66.700             |                                 | 277,404              | -                               |
| Toxic Substances Compliance Monitoring Cooperative Agreements  | 66.701             |                                 | 27,429               | -                               |
| Pollution Prevention Grants Program  | 66.708             |                                 | 40,372               | -                               |
| Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements                            | 66.802             |                                 | 44,351               | -                               |
| Underground Storage Tank (UST) Prevention, Detection, and Compliance Program   | 66.804             |                                 | 218,108              | -                               |
| Leaking Underground Storage Tank Trust Fund Corrective Action Program  | 66.805             |                                 | 534,638              | -                               |
| Solid Waste Management Assistance Grants   | 66.808             |                                 | 18,319               | 13,889                          |
| Superfund State and Indian Tribe Core Program Cooperative Agreements   | 66.809             |                                 | 109,296              | -                               |
| State and Tribal Response Program Grants   | 66.817             |                                 | 800,818              | 19,751                          |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements                            | 66.818             |                                 | 467,749              | 463,200                         |

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>  | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|--|---------------------------|--|-----------------------------|--|
| <b>U.S. Environmental Protection Agency (Continued)</b>  |                           |  |                             |  |
| <i>Clean Water State Revolving Fund Cluster</i>  |                           |  |                             |  |
| Capitalization Grants for Clean Water State Revolving Funds  | 66.458                    |  | \$ 12,554,833               | \$ 12,203,201                          |
| <i>Total Clean Water State Revolving Fund Cluster</i>  |                           |  | <u>12,554,833</u>           | <u>12,203,201</u>                      |
| <i>Drinking Water State Revolving Fund Cluster</i>   |                           |  |                             |  |
| Capitalization Grants for Drinking Water State Revolving Funds   | 66.468                    |  | 9,913,330                   | 7,690,311                              |
| Total Drinking Water State Revolving Fund Cluster  |                           |  | <u>9,913,330</u>            | <u>7,690,311</u>                       |
| Total U.S. Environmental Protection Agency   |                           |  | <u>35,477,846</u>           | <u>21,911,557</u>                      |
| <b>U.S. Department of Energy</b>   |                           |  |                             |  |
| State Energy Program   | 81.041                    |  | 223,902                     | 30,940                                 |
| Weatherization Assistance for Low-Income Persons   | 81.042                    |  | 1,656,277                   | 1,475,694                              |
| State Heating Oil and Propane Program  | 81.138                    |  | 5,000                       | -                                      |
| Total U.S. Department of Energy  |                           |  | <u>1,885,179</u>            | <u>1,506,634</u>                       |
| <b>U.S. Department of Education</b>  |                           |  |                             |  |
| Adult Education - Basic Grants to States   | 84.002                    |  | 1,055,592                   | 900,216                                |
| Title I Grants to Local Educational Agencies   | 84.010                    |  | 39,021,754                  | 38,480,356                             |
| Migrant Education State Grant Program  | 84.011                    |  | 645,984                     | 507,000                                |
| Title I State Agency Program for Neglected and Delinquent Children and Youth   | 84.013                    |  | 2,509                       | -                                      |
| Career and Technical Education -- Basic Grants to States   | 84.048                    |  | 4,352,442                   | 3,711,747                              |
| Rehabilitation Services Vocational Rehabilitation Grants to States   | 84.126                    |  | 10,420,386                  | -                                      |
| Rehabilitation Services Independent Living Services for Older Individuals Who are Blind  | 84.177                    |  | 225,000                     | 225,000                                |
| Special Education-Grants for Infants and Families  | 84.181                    |  | 2,147,174                   | 41,200                                 |
| Supported Employment Services for Individuals with the Most Significant Disabilities   | 84.187                    |  | 194,567                     | -                                      |
| Education for Homeless Children and Youth  | 84.196                    |  | 174,306                     | 101,021                                |
| Twenty-First Century Community Learning Centers  | 84.287                    |  | 5,262,950                   | 4,991,053                              |
| English Language Acquisition State Grants  | 84.365                    |  | 520,806                     | 345,663                                |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)  | 84.367                    |  | 8,933,779                   | 8,631,774                              |
| Grants for State Assessments and Related Activities  | 84.369                    |  | 3,148,473                   | -                                      |
| School Improvement Grants  | 84.377                    |  | 477,152                     | 477,152                                |
| Disability Innovation Fund (DIF)   | 84.421                    |  | 2,157,338                   | -                                      |
| Student Support and Academic Enrichment Program  | 84.424                    |  | 4,810,218                   | 4,548,337                              |
| <i>Education Stabilization Fund</i>  | 84.425                    |  |                             |  |
| COVID-19 - Governors Emergency Education Relief Fund   | 84.425C                   |  | 1,879,674                   | 1,879,674                              |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund   | 84.425D                   |  | 11,548,290                  | 10,953,296                             |
| COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) | 84.425R                   |  | 13,537                      | -                                      |
| Total 84.425 - Education Stabilization Fund  |                           |  | <u>13,441,501</u>           | <u>12,832,970</u>                      |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>   | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of Education (Continued)</b>   |                           |  |                             |  |
| <i>Special Education Cluster (IDEA)</i>   |                           |  |                             |  |
| Special Education Grants to States  | 84.027                    |  | \$ 32,119,161               | \$ 28,086,904                          |
| Special Education Preschool Grants  | 84.173                    |  | 674,136                     | 507,192                                |
| <i>Total Special Education Cluster (IDEA)</i>   |                           |  | <u>32,793,297</u>           | <u>28,594,096</u>                      |
| Total U.S. Department of Education  |                           |  | <u>129,785,228</u>          | <u>104,387,585</u>                     |
| <b>National Archives and Records Administration</b>   |                           |  |                             |  |
| National Historical Publications and Records Grants   | 89.003                    |  | 57,661                      | -                                      |
| Total National Archives and Records Administration  |                           |  | <u>57,661</u>               | <u>-</u>                               |
| <b>U.S. Election Assistance Commission:</b>   |                           |  |                             |  |
| Help America Vote Act Requirements Payments   | 90.401                    |  | 693,421                     | -                                      |
| COVID-19 - 2018 HAVA Election Security Grants   | 90.404                    |  | 1,380,385                   | -                                      |
| 2018 HAVA Election Security Grants  |                           |  | <u>203,678</u>              | <u>-</u>                               |
| Total - 90.404 - 2018 HAVA Election Security Grants   |                           |  | <u>1,584,063</u>            | <u>-</u>                               |
| Total U.S. Election Assistance Commission   |                           |  | <u>2,277,484</u>            | <u>-</u>                               |
| <b>U.S. Northern Border Regional Commission</b>   |                           |  |                             |  |
| Northern Border Regional Development  | 90.601                    |  | 319,966                     | 260,846                                |
| Total U.S. Northern Border Regional Commission  |                           |  | <u>319,966</u>              | <u>260,846</u>                         |
| <b>U.S. Department of Health and Human Services</b>   |                           |  |                             |  |
| Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation   | 93.041                    |  | 23,679                      | 23,679                                 |
| 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                    |  | 103,250                     | 103,250                                |
| Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  | 93.048                    |  | 265,072                     | 262,946                                |
| COVID-19 - National Family Caregiver Support, Title III, Part E   | 93.052                    |  | 336,900                     | 336,900                                |
| National Family Caregiver Support, Title III, Part E  |                           |  | <u>831,458</u>              | <u>449,436</u>                         |
| Total 93.052 - National Family Caregiver Support, Title III, Part E   |                           |  | <u>1,168,358</u>            | <u>786,336</u>                         |
| Public Health Emergency Preparedness  | 93.069                    |  | 2,545,664                   | 65,846                                 |
| Environmental Public Health and Emergency Response  | 93.070                    |  | 1,002,528                   | 83,511                                 |
| Medicare Enrollment Assistance Program  | 93.071                    |  | 114,164                     | 114,164                                |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079                    |  | 30,353                      | -                                      |
| Guardianship Assistance   | 93.090                    |  | 158,295                     | -                                      |
| Affordable Care Act (ACA) Personal Responsibility Education Program   | 93.092                    |  | 35,966                      | 19,105                                 |
| Food and Drug Administration Research   | 93.103                    |  | 650,671                     | 84,389                                 |
| Maternal and Child Health Federal Consolidated Programs   | 93.110                    |  | 672,912                     | 311,923                                |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs   | 93.116                    |  | 114,010                     | -                                      |
| Emergency Medical Services for Children   | 93.127                    |  | 36,141                      | -                                      |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices                 | 93.130                    |  | 88,471                      | -                                      |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Program or Cluster Title  | Assistance<br>Listing | Pass-Through<br>Identifying Number | Federal<br>Expenditures | Passed Through to<br>Subrecipients |
|---|-----------------------|------------------------------------|-------------------------|------------------------------------|
| <b>U.S. Department of Health and Human Services (Continued)</b>   |                       |                                    |                         |                                    |
| COVID-19 - Injury Prevention and Control Research and State and Community Based Programs  | 93.136                |                                    | \$ 6,693                | \$ 6,693                           |
| Injury Prevention and Control Research and State and Community Based Programs   |                       |                                    | 2,281,477               | 980,626                            |
| Total 93.136 - Injury Prevention and Control Research and State and Community Based Programs  |                       |                                    | 2,288,170               | 987,319                            |
| Projects for Assistance in Transition from Homelessness (PATH)  | 93.150                |                                    | 285,824                 | 285,824                            |
| Grants to States for Loan Repayment   | 93.165                |                                    | 352,500                 | 352,500                            |
| Disabilities Prevention   | 93.184                |                                    | 94,813                  | -                                  |
| Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 93.197                |                                    | 300,493                 | -                                  |
| Traumatic Brain Injury State Demonstration Grant Program  | 93.234                |                                    | 125,586                 | 45,961                             |
| Grants to States to Support Oral Health Workforce Activities  | 93.236                |                                    | 70,140                  | 66,708                             |
| State Rural Hospital Flexibility Program  | 93.241                |                                    | 256,854                 | 139,793                            |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance   | 93.243                |                                    | 4,668,710               | 2,177,537                          |
| Early Hearing Detection and Intervention  | 93.251                |                                    | 235,803                 | 212,045                            |
| COVID-19 - Immunization Cooperative Agreements  | 93.268                |                                    | 5,685,288               | 2,748,431                          |
| Immunization Cooperative Agreements   |                       |                                    | 11,922,810              | -                                  |
| Total 93.268 - Immunization Cooperative Agreements  |                       |                                    | 17,608,098              | 2,748,431                          |
| Viral Hepatitis Prevention and Control  | 93.270                |                                    | 10,107                  | -                                  |
| COVID-19 - Small Rural Hospital Improvement Grant Program   | 93.301                |                                    | 758,851                 | 758,851                            |
| Small Rural Hospital Improvement Grant Program  |                       |                                    | 57,999                  | 57,540                             |
| Total 93.301 - Small Rural Hospital Improvement Grant Program   |                       |                                    | 816,850                 | 816,391                            |
| Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program  | 93.314                |                                    | 94,730                  | 71,437                             |
| COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   | 93.323                |                                    | 29,507,683              | 1,035,997                          |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  |                       |                                    | 9,657,386               | -                                  |
| Total 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   |                       |                                    | 39,165,069              | 1,035,997                          |
| State Health Insurance Assistance Program   | 93.324                |                                    | 267,165                 | 263,262                            |
| Behavioral Risk Factor Surveillance System  | 93.336                |                                    | 141,791                 | -                                  |
| State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes   | 93.366                |                                    | 145,025                 | -                                  |
| Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs                                 | 93.367                |                                    | 174,656                 | -                                  |
| ACL Independent Living State Grants   | 93.369                |                                    | 288,868                 | 128,216                            |
| National and State Tobacco Control Program  | 93.387                |                                    | 867,181                 | 40,353                             |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke  | 93.426                |                                    | 1,175,361               | 572,982                            |
| Every Student Succeeds Act/Preschool Development Grants   | 93.434                |                                    | 2,483,967               | 1,734,925                          |
| Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)  | 93.436                |                                    | 390,704                 | 58,801                             |
| ACL Assistive Technology  | 93.464                |                                    | 462,247                 | -                                  |
| MaryLee Allen Promoting Safe and Stable Families Program  | 93.556                |                                    | 944,952                 | 377,112                            |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>   | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of Health and Human Services (Continued)</b>                           |                           |  |                             |  |
| Temporary Assistance for Needy Families   | 93.558                    |  | \$ 33,253,152               | \$ 4,282                               |
| Child Support Enforcement   | 93.563                    |  | 9,516,977                   | -                                      |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs           | 93.566                    |  | 883,776                     | 668,186                                |
| COVID-19 - Low-Income Home Energy Assistance  | 93.568                    |  | 5,059,194                   | 559,424                                |
| Low-Income Home Energy Assistance   |                           |  | 20,550,318                  | 5,669,623                              |
| Total 93.568 - Low-Income Home Energy Assistance  |                           |  | 25,609,512                  | 6,229,047                              |
| COVID-19 - Community Services Block Grant   | 93.569                    |  | 1,100,222                   | 1,041,075                              |
| Community Services Block Grant  |                           |  | 3,390,733                   | 3,182,527                              |
| Total 93.569 - Community Services Block Grant   |                           |  | 4,490,955                   | 4,223,602                              |
| Refugee and Entrant Assistance Discretionary Grants                                       | 93.576                    |  | 37,238                      | 36,678                                 |
| State Court Improvement Program   | 93.586                    |  | 165,862                     | -                                      |
| Community-Based Child Abuse Prevention Grants   | 93.590                    |  | 168,190                     | 168,190                                |
| Grants to States for Access and Visitation Programs                                       | 93.597                    |  | 107,908                     | 104,673                                |
| Chafee Education and Training Vouchers Program (ETV)                                      | 93.599                    |  | 99,533                      | 99,533                                 |
| Head Start  | 93.600                    |  | 106,430                     | -                                      |
| Adoption and Legal Guardianship Incentive Payments  | 93.603                    |  | 87,200                      | 87,200                                 |
| Developmental Disabilities Basic Support and Advocacy Grants                              | 93.630                    |  | 553,161                     | 111,715                                |
| Children's Justice Grants to States   | 93.643                    |  | 102,606                     | -                                      |
| COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program                           | 93.645                    |  | 6,921                       | -                                      |
| Stephanie Tubbs Jones Child Welfare Services Program                                      |                           |  | 539,877                     | 90,299                                 |
| Total 93.645 - Stephanie Tubbs Jones Child Welfare Services Program                       |                           |  | 546,798                     | 90,299                                 |
| Foster Care Title IV-E  | 93.658                    |  | 11,876,712                  | -                                      |
| Adoption Assistance   | 93.659                    |  | 12,679,314                  | 6,494                                  |
| COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19 | 93.665                    |  | 376,695                     | 163,114                                |
| Social Services Block Grant   | 93.667                    |  | 7,727,619                   | 1,048,270                              |
| Child Abuse and Neglect State Grants  | 93.669                    |  | 212,345                     | 100,000                                |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671                    |  | 788,023                     | 734,669                                |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood                 | 93.674                    |  | 500,000                     | 500,000                                |
| ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants                 | 93.716                    |  | 174,756                     | 45,419                                 |
| Elder Abuse Prevention Interventions Program  | 93.747                    |  | 295,671                     | -                                      |
| Children's Health Insurance Program   | 93.767                    |  | 10,915,665                  | -                                      |
| Opioid STR  | 93.788                    |  | 6,173,138                   | 4,044,205                              |
| Money Follows the Person Rebalancing Demonstration  | 93.791                    |  | 1,600,707                   | -                                      |
| State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid    | 93.796                    |  | 747,969                     | -                                      |
| Organized Approaches to Increase Colorectal Cancer Screening                              | 93.800                    |  | 59,995                      | -                                      |
| Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities            | 93.817                    |  | 107,777                     | 72,912                                 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>   | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|---|---------------------------|--|-----------------------------|--|
| <b>U.S. Department of Health and Human Services (Continued)</b>   |                           |  |                             |  |
| Maternal, Infant and Early Childhood Home Visiting Grant  | 93.870                    |  | \$ 1,260,909                | \$ 1,218,397                           |
| COVID-19 - National Bioterrorism Hospital Preparedness Program  | 93.889                    |  | 388,162                     | -                                      |
| National Bioterrorism Hospital Preparedness Program   |                           |  | 845,014                     | -                                      |
| Total 93.889 - National Bioterrorism Hospital Preparedness Program  |                           |  | 1,233,176                   | -                                      |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations                              | 93.898                    |  | 1,196,807                   | 333,099                                |
| Grants to States for Operation of State Offices of Rural Health   | 93.913                    |  | 133,064                     | 23,988                                 |
| COVID-19 - HIV Care Formula Grants  | 93.917                    |  | 50,000                      | -                                      |
| HIV Care Formula Grants   |                           |  | 104,863                     | -                                      |
| Total 93.917 - HIV Care Formula Grants  |                           |  | 154,863                     | -                                      |
| HIV Prevention Activities Health Department Based   | 93.940                    |  | 588,271                     | 494,056                                |
| Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs                 | 93.946                    |  | 163,374                     | -                                      |
| Block Grants for Community Mental Health Services   | 93.958                    |  | 1,138,245                   | 1,013,759                              |
| Block Grants for Prevention and Treatment of Substance Abuse  | 93.959                    |  | 6,576,316                   | 4,180,469                              |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants   | 93.977                    |  | 183,147                     | 45,260                                 |
| Mental Health Disaster Assistance and Emergency Mental Health   | 93.982                    |  | 471,619                     | 471,619                                |
| Preventive Health and Health Services Block Grant   | 93.991                    |  | 332,266                     | 53,413                                 |
| Maternal and Child Health Services Block Grant to the States  | 93.994                    |  | 972,929                     | 435,143                                |
| <i>Aging Cluster</i>  |                           |  |                             |  |
| COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers     | 93.044                    |  | 634,674                     | 634,674                                |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers                |                           |  | 2,394,797                   | 2,392,716                              |
| Total 93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |                           |  | 3,029,471                   | 3,027,390                              |
| COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services                                    | 93.045                    |  | 1,980,354                   | 1,980,354                              |
| Special Programs for the Aging, Title III, Part C, Nutrition Services   |                           |  | 3,050,244                   | 3,050,244                              |
| Total 93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services                                |                           |  | 5,030,598                   | 5,030,598                              |
| Nutrition Services Incentive Program  | 93.053                    |  | 784,679                     | 784,679                                |
| Total Aging Cluster   |                           |  | 8,844,748                   | 8,842,667                              |
| <i>CCDF Cluster</i>   |                           |  |                             |  |
| COVID-19 - Child Care and Development Block Grant   | 93.575                    |  | 4,183,171                   | 4,143,198                              |
| Child Care and Development Block Grant  |                           |  | 17,206,464                  | 4,153,090                              |
| Total 93.575 - Child Care and Development Block Grant   |                           |  | 21,389,635                  | 8,296,288                              |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund                                      | 93.596                    |  | 6,581,739                   | -                                      |
| Total CCDF Cluster  |                           |  | 27,971,374                  | 8,296,288                              |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program or Cluster Title</u>  | <u>Assistance Listing</u> | <u>Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> | <u>Passed Through to Subrecipients</u> |
|--|---------------------------|--|-----------------------------|--|
| <i>Medicaid Cluster</i>  |                           |  |                             |  |
| State Medicaid Fraud Control Units   | 93.775                    |  | \$ 775,342                  | \$ -                                   |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare     | 93.777                    |  | 1,518,738                   | -                                      |
| Medical Assistance Program   | 93.778                    |  | 1,174,333,285               | 28,720,749                             |
| <i>Total Medicaid Cluster</i>  |                           |  | <u>1,176,627,365</u>        | <u>28,720,749</u>                      |
| Total U.S. Department of Health and Human Services   |                           |  | <u>1,438,628,624</u>        | <u>86,727,407</u>                      |
| <b>U.S. Corporation for National Community Service:</b>  |                           |  |                             |  |
| State Commissions  | 94.003                    |  | 216,132                     | -                                      |
| AmeriCorps   | 94.006                    |  | 1,926,756                   | 1,926,756                              |
| Training and Technical Assistance  | 94.009                    |  | 61,020                      | -                                      |
| Volunteers in Service to America   | 94.013                    |  | 49,618                      | -                                      |
| Total U.S. Corporation for National Community Service  |                           |  | <u>2,253,526</u>            | <u>1,926,756</u>                       |
| <b>U.S. Social Security Administration</b>   |                           |  |                             |  |
| Social Security - Work Incentives Planning and Assistance Program                                | 96.008                    |  | 112,385                     | -                                      |
| <i>Disability Insurance/SSI Cluster</i>  |                           |  |                             |  |
| Social Security Disability Insurance   | 96.001                    |  | 7,716,734                   | -                                      |
| Total Disability Insurance/SSI Cluster   |                           |  | <u>7,716,734</u>            | <u>-</u>                               |
| Total U.S. Social Security Administration  |                           |  | <u>7,829,119</u>            | <u>-</u>                               |
| <b>U.S. Department of Homeland Security:</b>   |                           |  |                             |  |
| Non-Profit Security Program  | 97.008                    |  | 104,256                     | 104,256                                |
| Boating Safety Financial Assistance  | 97.012                    |  | 726,652                     | 38,301                                 |
| Community Assistance Program State Support Services Element (CAP-SSSE)                           | 97.023                    |  | 179,739                     | -                                      |
| Flood Mitigation Assistance  | 97.029                    |  | 36,447                      | 36,324                                 |
| Crisis Counseling  | 97.032                    |  | 128,434                     | -                                      |
| COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)               | 97.036                    |  | 179,190                     | -                                      |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                          |                           |  | 95,001,280                  | 9,243,401                              |
| Total 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)           |                           |  | <u>95,180,470</u>           | <u>9,243,401</u>                       |
| Hazard Mitigation Grant  | 97.039                    |  | 1,008,719                   | 554,974                                |
| National Dam Safety Program  | 97.041                    |  | 61,750                      | -                                      |
| Emergency Management Performance Grants  | 97.042                    |  | 2,774,563                   | 481,308                                |
| State Fire Training Systems Grants   | 97.043                    |  | 5,197                       | -                                      |
| Assistance to Firefighters Grant   | 97.044                    |  | 96,502                      | -                                      |
| BRIC: Building Resilient Infrastructure and Communities  | 97.047                    |  | 435,952                     | 420,939                                |
| COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | 97.050                    |  | 56,069,014                  | -                                      |
| Homeland Security Grant Program  | 97.067                    |  | 3,886,247                   | 769,405                                |
| Earthquake Consortium  | 97.082                    |  | 19,914                      | -                                      |
| Law Enforcement Officer Reimbursement Agreement Program  | 97.090                    |  | 56,788                      | 46,930                                 |
| Total U.S. Department of Homeland Security   |                           |  | <u>160,770,644</u>          | <u>11,695,838</u>                      |
| Total Expenditures of Federal Awards   |                           |  | <u>\$ 4,417,825,779</u>     | <u>\$ 732,999,445</u>                  |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF VERMONT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

**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, 2021. 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, 2021. 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 and 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.

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

**STATE OF VERMONT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

**NOTE 2 BASIS OF ACCOUNTING**

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

**Matching Costs**

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

**Indirect Cost Rate**

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

**NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency.

**NOTE 4 UNEMPLOYMENT INSURANCE (ASSISTANCE LISTING 17.225)**

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

|                  |                              |
|------------------|------------------------------|
| Federal          | \$ 12,755,215                |
| Federal-COVID-19 | 644,865,926                  |
| State            | 237,811,159                  |
| Total            | <u><u>\$ 895,432,300</u></u> |

**NOTE 5 AIRPORT IMPROVEMENT PROGRAM (ASSISTANCE LISTING 20.106)**

The State receives Federal Aviation Administration (FAA) funds from the U.S. Department of Transportation on behalf of the City of Burlington, Vermont (the City). The State excludes these funds from the Schedule because the State does not perform program responsibilities or oversight of these funds. Rather, its sole function is to act as a conduit between the federal awarding agency and the City, who owns and operates the airport. These FAA funds are included on the City's schedule of expenditures of federal awards.



**STATE OF VERMONT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

**NOTE 6 NONMONETARY FEDERAL FINANCIAL ASSISTANCE**

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

| Assistance<br>Listing | Program Name   | Amount                |
|-----------------------|--|-----------------------|
| 10.542                | Pandemic EBT Food Benefits                           | \$ 15,223,638         |
| 10.551                | Supplemental Nutrition Assistance Program            | 114,599,180           |
| 10.555                | National School Lunch Program                        | 2,739,304             |
| 10.559                | Summer Food Service Program for Children             | 6,351                 |
| 10.565                | Commodity Supplemental Food Program                  | 594,360               |
| 10.569                | Emergency Food Assistance Program (Food Commodities) | 2,219,472             |
| 39.003                | Donation of Federal Surplus Personal Property        | 805,990               |
| 93.268                | Immunization Cooperative Agreements                  | 6,723,488             |
|                       | Total  | <u>\$ 127,688,145</u> |

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

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2021, \$1,333,924 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 2021, the state received cash rebates from infant formula manufacturers in the amount of \$1,325,508 on sales of formula to participants in the WIC program (Assistance Listing 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

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

The State did not receive federally donated PPE during fiscal year 2021.

**STATE OF VERMONT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

**NOTE 10 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)**

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

| <u>Funding Source</u>              | <u>Amount</u>        |
|------------------------------------|----------------------|
| CCDBG                              | \$ 17,206,464        |
| CCDF Mandatory and Matching        | 6,581,739            |
| CCDF Disaster Relief               | -                    |
| CCDF CARES                         | -                    |
| CCDF CRRSA                         | 4,183,171            |
| CCDF ARP Supplemental              | -                    |
| CCDF ARP Child Stabilization Funds | -                    |
| Total                              | <u>\$ 27,971,374</u> |

**NOTE 11 PRIOR FISCAL YEAR EXPENDITURES - STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (ASSISTANCE LISTING 10.561)**

The Schedule includes \$698,887 in expenditures incurred by the State during federal fiscal years 2019 and 2020 for its Integrated Eligibility and Enrollment system that were retroactively approved by the USDA Food and Nutrition Service during state fiscal year 2021.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

---

***Section I – Summary of Auditors’ Results***

---

***Financial Statements***

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

***Federal Awards***

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

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 13,253,477

Auditee qualified as low-risk auditee?

           yes     x     no

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section I – Summary of Auditors’ Results (Continued)***

---

**Identification of Major Programs**

| Major Program   | Assistance Listing     | Opinion    |
|---|------------------------|------------|
| Pandemic EBT Food Benefits  | 10.542                 | Unmodified |
| SNAP Cluster  | 10.551, 10.561         | Unmodified |
| National Guard Military Operations and Maintenance (O&M) Projects                     | 12.401                 | Unmodified |
| Unemployment Insurance  | 17.225                 | Qualified  |
| Highway Planning and Construction Cluster   | 20.205, 20.219, 20.224 | Unmodified |
| Coronavirus Relief Fund   | 21.019                 | Unmodified |
| Emergency Rental Assistance   | 21.023                 | Qualified  |
| Title I Grants to Local Educational Agencies  | 84.010                 | Qualified  |
| Education Stabilization Fund  | 84.425                 | Unmodified |
| Epidemiology and Laboratory Capacity  | 93.323                 | Qualified  |
| Temporary Assistance to Needy Families  | 93.558                 | Unmodified |
| CCDF Cluster  | 93.575, 93.596         | Unmodified |
| Social Services Block Grant   | 93.667                 | Unmodified |
| Children's Insurance Program  | 93.767                 | Qualified  |
| Medicaid Cluster  | 93.775, 93.777, 93.778 | Qualified  |
| Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | 97.050                 | Qualified  |

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings***

---

**Material Weakness in Internal Control Over Financial Reporting**

**Finding 2021-001 – Financial Close and Reporting –Department of Labor**

***Condition***

The Vermont Department of Labor did not have controls properly implemented to ensure that unearned revenue, federal grant revenue, employer tax revenue, and related receivables 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***

Our audit procedures detected material misstatements to revenue, unearned revenue, and receivables related to Emergency Relief Funds (ERF) for reimbursable employers, (those employers that pay based on actual claims as opposed to a flat percentage rate of wages). ERF cash received as of June 30, 2021 was accrued in error as reimbursable employer receivables and unearned revenue. However, the State met eligibility requirements for revenue recognition at year-end. The result was an overstatement of reimbursable employer receivables and unearned revenue of \$21,269,384, an understatement of ERF federal grant revenue of \$26,582,184, an overstatement of reimbursable employer revenue of \$23,358,701, and an understatement of ERF federal grants receivable of \$3,223,483.

***Effect***

Reimbursable employer receivables, unearned revenue, and reimbursable employer revenue were materially overstated while federal grant revenue and federal grant receivables were materially understated. The State recorded adjustments to correct the errors.

***Cause***

The Department'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)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

***Management Response***

After further discussion with CLA and the State's Department of Finance and Management, the Department understands the justification underlying the finding identified, as the finding is required by

nature of the fact that there were material adjustments to the Department's financial statements made during, and as a result of, the audit review. While the Department acknowledges this finding and understands the continued need to ensure proper reporting of financial statements, including the need to incorporate the adjustments made during this review, the Department would like to ensure the audit record reflects the steps taken that led to this finding.

In preparing the Department's financial statements, staff proactively reached out to the State's Department of Finance and Management to review the manner in which the Department was reporting its financials. During the State fiscal year, significant new funding sources and transactions were managed by the Department as part of the response to the COVID-19 global pandemic and the federal programs enacted by the CARES Act. These types of programs and corresponding revenues were new and have never been reported by the Department prior to FY 2021. Thus, as mentioned above, the Department worked with the State to ensure that we were reporting the information in the most accurate manner prior to submitting the official financial statements.

In working with the Department of Finance and Management and CLA for the ACFR Audit, the manner in which the financial statements were presented was reviewed. After extensive discussion, and further research and review by CLA, it was determined that the Department needed to make material adjustments to the Department's financial statements in order to more accurately reflect the state of the Department's finances.

The Department would argue that the above steps taken both prior to and during the audit review period indicate that there are internal controls in place over financial reporting and that the Department does not need to implement any significant changes or alterations in our current practices of compiling and reviewing our financial statements. Moving forward, the Department will ensure that the lessons learned from this review are incorporated into our future preparations, and we will continue to collaborate with the Department of Finance and Management and with our State auditors to ensure we are reporting financial information in the most accurate manner.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

**Material Weakness in Internal Control Over Compliance**

**Finding 2021-002 – Unemployment Claims – Department of Labor**

***Condition***

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

***Criteria***

The Regular Unemployment Insurance program is a joint program between federal and state governments. In Vermont, individuals must meet several criteria to qualify for Regular Unemployment benefits. State law requires individuals to be monetarily entitled to receive unemployment insurance, meaning they must have received the minimum qualifying amount of wages of \$2,949 from insured employment in one quarter of their base period, and the total of the three remaining quarters in their must equal or exceed 40% of the highest quarter earnings in the base period. The new federal programs established during the pandemic had fewer verification requirements than the State's Regular Unemployment Insurance program. For example, in April 2020, the United States Department of Labor (USDOL) stated that PUA claimants did not need to provide proof of employment or self-employment to qualify for PUA, nor did PUA consider the individual's principal source of income as part of the self-certification process. On December 27, 2020, Congress amended the law to require claimants to provide documentation to substantiate their employment or self-employment to be eligible to receive PUA. The Department should require all PUA claimants, those who previously received PUA payments and those who will file new PUA claims, to provide employment/self-employment documentation as required by USDOL.

***Context***

Tests of effectiveness over controls surrounding PUA claims, for the period beginning December 27, 2020 through year-end, identified the following deficiencies in required documentation:

- Thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support;
- Nineteen (19) out of thirty-eight (38) PUA claims samples tested had no documentation to support claims payment amount;
- Nine (9) out of thirty-eight (38) PUA claims samples tested had documentation that did not support the claims payment amount.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

***Effect***

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

***Cause***

The Department was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds received in Fiscal Year 2021. The Department relied on an inadequate computer system during the pandemic to manage the program, resulting in various system errors and processing delays.

***Recommendation***

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

***Management Response***

The Department acknowledges and accepts this finding.

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

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

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



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. The Department has already begun the process of developing the necessary features into the Department's PUA system and has begun the auditing of claims to ensure retroactive program eligibility. Where appropriate, claims will be placed into an overpayment status and collection efforts will ensue.

STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

***Section II – Financial Statement Findings (Continued)***

---

**Material Weakness in Internal Control Over Financial Reporting**

**Finding 2021-003 – Unemployment Claims – Department of Labor**

***Condition***

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

***Criteria***

The Department does not have written policies and procedures established for month-end reconciliations of claims disbursements bank accounts. The Office of the State Treasurer requires that reconciliation procedures for each bank account are provided for review annually. In the absence of a policy, best practices require that the reconciled report should be available for review by the Financial Manager (or designee) within thirty (30) days of month end.

***Context***

Tests of effectiveness over controls surrounding PUA claims, for the period beginning December 27, 2020 through year-end, identified the following deficiency in required bank reconciliation documentation:

Thirty-eight (38) out thirty-eight (38) PUA claims samples tested had bank reconciliations that were prepared and approved more than 30 days after month end. Such reconciliations were for the period December 2020 through June 2021 and were prepared by the Department in December 2021.

***Effect***

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

***Cause***

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

***Recommendation***

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

***Management Response***

The Department acknowledges and accepts this finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

Throughout the period of review, the Department of Labor was facing unprecedented challenges in administering its UI program through the global health pandemic of COVID-19. The Department became the only financial lifeline for tens of thousands of individuals and was tasked with developing and implementing five additional benefit programs in addition to managing claims volumes never before experienced in Vermont. Throughout this period, the Department's limited resources focused on prioritizing people over process and many reporting functions were suspended.

One of those functions was the month end reconciliation as identified in this finding. The justification behind this decision was that financial staff worked within the UI program's numerous bank accounts on a daily basis reconciling as payments were processed. The Department acknowledges that best practices require that reconciliation reports be available within 30 days of month end.

The Department is committed to ensuring proper program administration.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

**Significant Deficiency in Internal Control Over Financial Reporting**

**Finding 2021-004 – Tax Disbursements –Department of Taxes**

***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 has policies and procedures established for month-end reconciliations of tax disbursements bank accounts that require the reconciled report should be available for review by the Financial Manager (or designee) within thirty (30) days of month end.

***Context***

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

Fourteen (14) out of twenty-two (22) monthly reconciliations tested did not include sufficient documentation to support that all reconciliations were prepared within thirty (30) days of month-end. We noted that the reconciliations with exceptions related to the months occurring on or before March 31, 2021. As of April 1, 2021, the Department implemented a new electronic reconciliation and review process. No exceptions were noted in the final quarter of the fiscal year.

***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.

***Recommendation***

We recommend that policies and procedures are 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.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

***Section II – Financial Statement Findings (Continued)***

---

Multiple staffing changes in the Finance Division including retirements and several departures led to the monthly reconciliation work falling behind. Several new employees including a new Director of Finance were brought on board during fiscal year 2021. The monthly reconciliations had not been completed timely for many months and after an in-depth review, it was decided to completely overhaul the process to an electronic format. This overhaul resulted in many improvements which have made the reconciliations easier to audit and far more comprehensive. All of the source documentation for the

reconciliations is now attached to the file. All of the reconciliations for fiscal year 2021 were completed using this new method.

The reconciliations for all seven of the Departments bank accounts can now be completed in just a few days. All monthly reconciliations for the fiscal year ended June 30, 2022 have been completed timely.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Section III – Findings and Questioned Costs – Major Federal Programs**

**Matrix of Findings by Federal Agency and Federal Program**

| Major Federal Program   | Federal Agency (Prefix) | Assistance Listing             | Finding Number | Internal Control  |                        | Compliance | Compliance Requirement  |
|---|-------------------------|--------------------------------|----------------|-------------------|------------------------|------------|---|
|   |                         |                                |                | Material Weakness | Significant Deficiency |            |   |
| SNAP Cluster  | USDA (10)               | 10.551, 10.561                 | 2021-005       |                   | X                      | X          | Procurement, Suspension & Debarment                                 |
| SNAP Cluster  | USDA (10)               | 10.551, 10.561                 | 2021-006       |                   | X                      | X          | Special Tests and Provisions - EBT Card Security                    |
| SNAP Cluster  | USDA (10)               | 10.551, 10.561                 | 2021-007       |                   | X                      |            | Special Tests and Provisions - EBT Reconciliation                   |
| Pandemic EBT Food Benefits  | USDA (10)               | 10.542                         | 2021-008       | X                 |                        |            | Reporting - SEFA  |
| Unemployment Insurance  | U.S. DOL (17)           | 17.225                         | 2021-009       | X                 |                        | X          | Reporting   |
| Unemployment Insurance  | U.S. DOL (17)           | 17.225                         | 2021-010       |                   | X                      | X          | Special Tests and Provisions - UI Benefit Payments                  |
| Unemployment Insurance  | U.S. DOL (17)           | 17.225                         | 2021-011       |                   | X                      | X          | Special Tests and Provisions - RESEA                                |
| Unemployment Insurance  | U.S. DOL (17)           | 17.225                         | 2021-012       | X                 |                        | X          | Eligibility   |
| National Guard Military Operations, Coronavirus Relief Fund                           | MIL (12)<br>TREAS (21)  | 12.401, 21.019                 | 2021-013       |                   | X                      |            | Reporting - SEFA  |
| Coronavirus Relief Fund   | TREAS (21)              | 21.019                         | 2021-014       |                   | X                      | X          | Activities Allowed or Unallowed and Period of Performance           |
| Coronavirus Relief Fund   | TREAS (21)              | 21.019                         | 2021-015       |                   | X                      | X          | Subrecipient Monitoring   |
| Emergency Rental Assistance   | TREAS (21)              | 21.023                         | 2021-016       | X                 |                        | X          | Subrecipient Monitoring   |
| Title I Grants to Local Educational Agencies  | U.S. DOE (84)           | 84.010                         | 2021-017       | X                 |                        | X          | Reporting - FFATA   |
| Education Stabilization Fund  | U.S. DOE (84)           | 84.425                         | 2021-018       |                   | X                      | X          | Reporting - FFATA   |
| Epidemiology and Laboratory Capacity for Infectious Diseases                          | U.S. HHS (93)           | 93.323                         | 2021-019       | X                 |                        | X          | Reporting   |
| CCDF Cluster  | U.S. HHS (93)           | 93.575, 93.596                 | 2021-020       |                   | X                      | X          | Reporting - FFATA   |
| CCDF Cluster  | U.S. HHS (93)           | 93.575, 93.596                 | 2021-021       |                   | X                      | X          | Subrecipient Monitoring   |
| CHIP, Medicaid Cluster  | U.S. HHS (93)           | 93.767, 93.775, 93.777, 93.778 | 2021-022       | X                 |                        | X          | Provider Eligibility  |
| CHIP, Medicaid Cluster  | U.S. HHS (93)           | 93.767, 93.775, 93.777, 93.778 | 2021-023       |                   | X                      | X          | Allowable Activities/Costs, Eligibility                             |
| CHIP, Medicaid Cluster  | U.S. HHS (93)           | 93.767, 93.775, 93.777, 93.778 | 2021-024       |                   | X                      | X          | Special Tests and Provisions - Medical Loss Ratio                   |
| Medicaid Cluster  | U.S. HHS (93)           | 93.775, 93.777, 93.778         | 2021-025       | X                 |                        | X          | Special Tests and Provisions - Provider Health and Safety Standards |
| Medicaid Cluster  | U.S. HHS (93)           | 93.775, 93.777, 93.778         | 2021-026       | X                 |                        | X          | Reporting - FFATA   |
| Medicaid Cluster  | U.S. HHS (93)           | 93.775, 93.777, 93.778         | 2021-027       |                   | X                      | X          | Special Tests and Provisions - ADP Risk Analysis                    |
| Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | U.S. DHS (97)           | 97.050                         | 2021-028       | X                 |                        | X          | Reporting   |

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-005  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Agriculture  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** SNAP Cluster  
**Assistance Listing Number:** 10.551, 10.561  
**Award Number and Year:** 4VT430446 (10/1/2019 – 9/30/2020)  
4VT400406 (10/1/2019 – 9/30/2020)  
4VT430426 (10/1/2020 – 9/30/2021)  
4VT430446 (10/1/2020 – 9/30/2021)  
4VT400406 (10/1/2020 – 9/30/2021)  
4VT400466 (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Procurement, Suspension and Debarment  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:*

Procurement – When procuring property and services, states must use the same policies and procedures they use for procurements from their nonfederal funds (2 CFR section 200.317). The State of Vermont follows *Bulletin 3.5 – Procurement and Contracting Procedures* (Bulletin 3.5) which is applicable to purchases made by Vermont State agencies for both state and federal programs.

Suspension and Debarment - Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.beta.sam.gov/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

**STATE OF VERMONT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

---

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

---

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

**Condition:**

We noted the Agency was unable to provide supporting documentation to show that it complied with the procurement and suspension and debarment requirements contained in the State’s procurement policy, Bulletin 3.5.

**Context:**

Two of eleven vendors selected for procurement testing did not have contracts or other supporting documentation available for review. Purchases from these vendors exceeded \$100,000 each but were made without using a competitive bidding process and without signed contracts in place as required by Bulletin 3.5.

Two of six samples selected for suspension and debarment testing did not have documentation to support that the vendor’s suspension and debarment status had been verified.

**Cause:**

The Agency made purchases from the vendors in prior years and those transactions were below the State’s competitive bidding threshold. When the total amount purchased by the program increased above the State’s competitive bidding threshold, the Agency failed to implement the required procurement and suspension and debarment procedures contained in Bulletin 3.5.

**Effect:**

The Agency is not compliant with federal and state procurement and suspension and debarment requirements. Failure to adhere to procurement policies and procedures may result in obtaining goods or services under terms that are not in the best interest of the federal program and/or the state. Failure to adhere to suspension and debarment requirements may result in the State doing business with a vendor that is suspended or debarred and not authorized to provide goods and services to the program.

**Questioned costs:**

Undetermined due to the lack of documentation.

**Recommendation:**

We recommend the Agency review and enhance procedures and controls to ensure that it follows the State’s procurement policy, including suspension and debarment requirements, for all goods and services charged to the program.

**Views of Responsible Officials:**

Management agrees with the finding.



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-006  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Agriculture  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** SNAP Cluster  
**Assistance Listing Number:** 10.551, 10.561  
**Award Number and Year:** 4VT430446 (10/1/2019 – 9/30/2020)  
4VT400406 (10/1/2019 – 9/30/2020)  
4VT430426 (10/1/2020 – 9/30/2021)  
4VT430446 (10/1/2020 – 9/30/2021)  
4VT400406 (10/1/2020 – 9/30/2021)  
4VT400466 (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Special Tests and Provisions – EBT Card Security  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* The state is required to maintain adequate security over, and documentation/records for, EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

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

**Condition:**

We noted that the Agency did not maintain documentation and records to support the required EBT Card Security procedures.

**Context:**

For three out of forty daily issued/destroyed card reconciliations completed, the reconciliation did not have the proper preparer and reviewer signatures. For one out of forty days selected, the daily issued/destroyed card reconciliation was not completed.

**Cause:**

The Agency did not adequately follow its procedures for completing daily issued/destroyed card reconciliations as part of the EBT Card Security process and controls did not detect or prevent the errors.

STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Effect:**

The Agency is not compliant with the EBT Card Security documentation requirement and may be subject to disallowed program costs by the grantor. In addition, a lack of controls over EBT Card Security could result in improper use of EBT benefits.

**Questioned costs:**

Undetermined due to the lack of documentation.

**Recommendation:**

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

**Views of Responsible Officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

|                                   |  |
|-----------------------------------|--|
| <b>Reference Number:</b>          | <b>2021-007</b>  |
| <b>Prior Year Finding:</b>        | N/A  |
| <b>Federal Agency:</b>            | U.S. Department of Agriculture   |
| <b>State Agency:</b>              | Agency of Human Services (Agency)  |
| <b>Federal Program:</b>           | SNAP Cluster   |
| <b>Assistance Listing Number:</b> | 10.551, 10.561   |
| <b>Award Number and Year:</b>     | 4VT430446 (10/1/2019 – 9/30/2020)<br>4VT400406 (10/1/2019 – 9/30/2020)<br>4VT430426 (10/1/2020 – 9/30/2021)<br>4VT430446 (10/1/2020 – 9/30/2021)<br>4VT400406 (10/1/2020 – 9/30/2021)<br>4VT400466 (10/1/2020 – 9/30/2021) |
| <b>Compliance Requirement:</b>    | Special Tests and Provisions – EBT Reconciliation  |
| <b>Type of Finding</b>            | Significant Deficiency in Internal Control Over Compliance   |

**Criteria or specific requirement:**

*Compliance:* States must have systems in place to reconcile all funds entering into, exiting from, and remaining in the system each day with the state’s benefit account with Treasury and EBT contractor records. This includes a reconciliation of the state’s issuance files of postings to recipient accounts with the EBT contractor.

States (generally through the EBT contractor that operates the EBT system) must also have systems in place to reconcile retailer credit activity as reported into the banking system to client transactions maintained by the processor and to the funds drawn down from the EBT benefit account with Treasury. States’ EBT system processors should maintain audit trails that document the cycle of client transactions from posting to point-of-sale transactions at retailers through settlement of retailer credits. The financial and management data that comes from the EBT processor is reconciled by the state to the SNAP issuance files and settlement data to ensure that benefits are authorized by the state and funds have been properly drawn down. States’ may only draw federal funds for authorized transactions (e.g., electronic point-of-sale purchases supported by entry of a valid personal identification number (PIN) or purchases using manual vouchers with telephone verification supported by a client signature and an EBT contractor authorization number) (7 CFR sections 274.3(a)(1) and 274.4(a)).

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

STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Condition:**

We noted that the Agency did not maintain proper documentation to support the required EBT Reconciliations.

**Context:**

For one out of forty EBT Reconciliations sampled, the completed reconciliation did not have the proper preparer and reviewer signatures.

**Cause:**

The Agency did not adequately follow its procedures for retaining proper support over the EBT reconciliation process and controls did not detect or prevent the error.

**Effect:**

The Agency is not compliant with the EBT Reconciliation requirement and may be subject to disallowed program costs by the grantor. Improper controls over the EBT reconciliation process could result in ineligible costs being charged to the program.

**Questioned costs:**

Undetermined due to the lack of documentation.

**Recommendation:**

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

**Views of Responsible Officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

|                                   |   |
|-----------------------------------|---|
| <b>Reference Number:</b>          | <b>2021-008</b>                                       |
| <b>Prior Year Finding:</b>        | N/A   |
| <b>Federal Agency:</b>            | U.S. Department of Agriculture                        |
| <b>State Agency:</b>              | Department of Finance and Management (Finance)        |
| <b>Federal Program:</b>           | COVID-19 – Pandemic EBT Food Benefits                 |
| <b>Assistance Listing Number:</b> | 10.542  |
| <b>Award Number and Year:</b>     | 2020 – 2021   |
| <b>Compliance Requirement:</b>    | Reporting: Schedule of Expenditures of Federal Awards |
| <b>Type of Finding</b>            | Material Weakness in Internal Control Over Compliance |

**Criteria or specific requirement:**

*Compliance:* Per 2 CFR 200 Section 510(b), the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements which must include the total federal awards expended as determined in accordance with Section 200.502. The schedule must list individual federal programs by federal agency and provide total federal awards expended for each individual federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. Per Section 502(g), federal noncash assistance, such as free rent, food commodities, donated property, or donated surplus property, must be valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

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

**Condition:**

The Schedule of Expenditures of Federal Awards (SEFA) submitted to auditors for test work was missing a new noncash assistance program which was later determined to be a new Type A program.

**Context:**

When reconciling support to the SEFA submitted to auditors during test work, it was discovered that approximately \$15.2 million in noncash assistance for assistance listing 10.542-Pandemic EBT Food Benefits had been omitted. After the error was detected, this program was determined to be a new major program.

**Questioned costs:**

Undetermined.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Cause:**

Procedures and internal controls were not sufficient to ensure that noncash assistance reported on the SEFA was complete and accurate and tied to supporting documentation. Individual State agencies/departments prepare their own sections of the SEFA and submit them to Finance which compiles the State's consolidated report. Controls did not prevent nor detect that a new noncash assistance program had been omitted.

**Effect:**

Federal noncash assistance was incorrectly compiled and reported on the SEFA which was used to determine Type A and Type B programs for the FY 2021 Single Audit. After the error was detected and corrected, Assistance Listing 10.542 was required to be audited as a new major program.

**Recommendation:**

We recommend that Finance improve its SEFA compilation process to ensure that program expenditures reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify noncash assistance programs that are new to the State and ensure they are included on the SEFA.

We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure that noncash assistance reported on the SEFA is accurate and that it ties to supporting documentation.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-009  
**Prior Year Finding:** 2020-009, 2020-010  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor (Department)  
**Federal Program:** Unemployment Insurance, COVID-19 – Unemployment Insurance  
**Assistance Listing Number:** 17.225  
**Award Number and Year:** UI347462055A50 (4/1/2020 – 6/30/2023)  
UI326301955A50 (10/1/2018 – 12/31/2021)  
UI340892055A50 (10/1/2019 – 12/31/2022)  
UI341952055A50 (10/1/2019 – 9/30/2020)  
UI345252060A50 (1/1/2020 – 9/30/2022)  
**Compliance Requirement:** Reporting  
**Type of Finding** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Criteria or specific requirement:**

*Compliance – ETA 191, Financial Status of UCFE/UCX (OMB No. 1205-0162)* – Quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific federal agencies (ET Handbook 401). Per federal regulations, the ETA 191 should be submitted electronically to the National Office by the 25th of the month following the close of the quarter.

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

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

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

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

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

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

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

**Condition:**

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

**Questioned costs:**

Undetermined.

**Context:**

We reviewed a sample of the ETA 191, ETA 2112 and ETA 9130 financial reports as well as a sample of the ETA 9050, ETA 9052 and ETA 9055 performance reports filed during for FY 2021. The following exceptions were noted:

ETA 191: 2 of 2 quarterly reports reviewed were submitted after the required due date. The 9/30/2020 report was submitted 18 days late and the 3/31/2021 report was submitted 1 day late. In addition, support could not be provided to document that the reports had been reviewed and approved prior to submission.

ETA 2112: 4 of 4 monthly reports reviewed were submitted after the required due date. The September 2020 report was due 11/1/2020 but was filed 3/25/2021, or 144 days late. The November 2020 report was due 1/1/2021 but was filed 4/2/2021, or 91 days late. The January 2021 report was due 3/1/2021 but was filed 6/7/2021, or 98 days late. The April 2021 report was due 6/1/2021 but was filed 7/19/2021, or 48 days late.



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

ETA 9130: Reports for the 9/30/2020 and 3/31/2021 quarters were reviewed which included 17 individual grant reports, 7 reports for the 9/30/2020 quarter and 10 for the 3/31/2021 quarter. 5 of the 7 grant reports for the 9/30/2020 quarter were filed after the due date. These reports were due 11/14/2020 but 2 were filed on 12/4/2020, or 20 days late; 2 were filed on 12/7/2020, or 23 days late; 1 was filed on 12/8/2020, or 24 days late.

ETA 9050: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission.

ETA 9052: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission.

ETA 9055: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission. In addition, documentation could not be provided to support lower appeals data.

**Cause:**

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

**Effect:**

Financial and performance reports lacked review and approval which could allow incorrect data to be reported for the program which could misrepresent the State's financial and programmatic performance in the program.

**Recommendation:**

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

**Views of responsible officials:**

The Department acknowledges and accepts this finding.

This is a finding that was identified during the last fiscal year's Single Audit and the Department's position remains the same. Prior to the onset of the COVID-19 pandemic, the Unemployment Insurance (UI) program was significantly underfunded by Congress and the USDOL leading to significantly reduced staffing levels. When the pandemic led to drastic increasing workload levels, the Department consciously chose to prioritize ensuring that critical functions of the UI program were met and deprioritize other administrative aspects of the program, such as federal reporting.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-010  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor (Department)  
**Federal Program:** Unemployment Insurance, COVID-19 – Unemployment Insurance  
**Assistance Listing Number:** 17.225  
**Award Number and Year:** UI34089310 (10/1/2019 – 12/31/2022), UI35679DO0 (7/1/2021 – 12/31/2023)  
**Compliance Requirement:** Special Tests and Provisions: UI Benefit Payments  
**Type of Finding** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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

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

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

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

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

**Condition:**

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

**Questioned costs:**

Undetermined.

**Context:**

Forty cases were selected for testing, and we noted that the Department did not meet the required time limits for closing cases within 60, 90, or 120 days. Specifically, we noted the following:

- 68% of cases tested (27 cases) were closed within 60 days which is less than the required 70%
- 78% of cases tested (31 cases) were closed within 90 days which is less than the required 95%
- 80% of cases tested (32 cases) were closed within 120 days which is less than the required 98%

**Cause:**

Due to the COVID-19 pandemic, the Department disassembled its BAM investigation unit in February 2020 and reassigned staff to other activities. The BAM unit was reassembled in October 2020.

**Effect:**

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

**Recommendation:**

We recommend that the Department review and enhance procedures and controls to ensure that BAM case investigations are completed timely.

**Views of responsible officials:**

The Department acknowledges and accepts this finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

At the onset of the COVID-19 pandemic, the Department was flooded with unemployment insurance (UI) claims. Overall weekly claims volume went from approximately 5,000 to over 100,000 claimants filing for UI assistance. At that time, the Department took all staff within the UI program and redirected them to assisting with the processing of claims to ensure that Vermonters were able to access the necessary funds in as timely a manner as possible. The USDOL offered waivers of certain UI program requirements during this period, including the requirement that BAM case investigations be conducted, thereby recognizing that cases would not be closed timely.

The USDOL required that BAM program functions be reinstated at the beginning of the fourth quarter of 2020. However, due to the circumstances continuing to face the Department, this was not feasible at that time. The Department was still facing significant challenges due to a lack of administrative funding from Congress and USDOL and due to the serious limitations of our information technology platforms. Department BAM functions were not reinstated until the first quarter of 2021.

The Department was slow in reinstating all BAM functions, and thereby was unable to meet the program requirements to close the required number of cases and to do so within the required timeframes. The Department worked throughout the remainder of the program year to continue to build out capacity to conduct this necessary program function.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-011  
**Prior Year Finding:** 2020-010  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor (Department)  
**Federal Program:** Unemployment Insurance, COVID-19 – Unemployment Insurance  
**Assistance Listing Number:** 17.225  
**Award Number and Year:** UI34525Y90 (1/1/2020 – 9/30/2022), UI35976JU0 (1/1/2021 – 9/30/2022)  
**Compliance Requirement:** Special Tests and Provisions: UI Reemployment Programs: RESEA  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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

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

RESEA is authorized by Section 306 of the Social Security Act and builds on the success of 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.

*Internal Control* – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal 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)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

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

**Questioned costs:**

Undetermined.

**Context:**

We noted that 3 of 60 samples selected for testing were missing Eligibility Review Questionnaire forms and subsequently a lack of proper eligibility review and approval.

**Cause:**

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

**Effect:**

Without clear documentation on file of a participant's eligibility review, it is possible that ineligible participants could receive benefits from the program.

**Recommendation:**

We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include documentation of participants' eligibility review by a UI supervisor.

**Views of responsible officials:**

The Department acknowledges and accepts this finding. This finding was also found during the last fiscal year's Single Audit and is a carryover issue stemming from the same underlying problem. The RESEA program was suspended at the onset of the COVID-19 pandemic due to the Department redirecting all staff towards processing claims to ensure claimants were able to receive necessary benefits in as timely a manner as possible.

In early 2021, the Department reinstated the RESEA program. However, at the time of reinstatement, the program was operating in an entirely virtual capacity. This was entirely new to the program and the program staff, which had operated in an in-person form leading up to the pandemic. In addition, both prior to and during significant portion during the pandemic, the program lacked a supervisor as that position had been vacant. When the reinstatement of the program occurred, operating virtually and with a new supervisor, the necessary file reviews were not being conducted thoroughly to ensure that each file had the appropriate eligibility documentation required.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-012  
**Prior Year Finding:** 2020-006  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor (Department)  
**Federal Program:** Unemployment Insurance, COVID-19 – Unemployment Insurance  
**Assistance Listing Number:** 17.225  
**Award Number and Year:** UI-34746-20-55-A-50 (4/1/2020 – 6/30/2022)  
**Compliance Requirement:** Eligibility  
**Type of Finding:** Material Weakness in Internal Control over Reporting, Material Noncompliance

**Criteria or specific requirement:**

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

*Internal Control* – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal 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)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

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

**Questioned costs:**

Undetermined and under investigation by both federal and state authorities.

**Context:**

We reviewed a sample for each of the following populations of unemployment claims:

- Regular unemployment July 1, 2020 through June 30, 2021 (Population 1)
- FPUC July 1, 2020 through June 30, 2021 (Population 2)
- PUA July 1, 2020 through December 26, 2020 (Population 3)
- PUA December 27, 2020 through June 30, 2021 (Population 4)

Population 4 had the additional documentation requirements for eligibility noted in *UIPL No. 16-20* in the compliance section above. Population 4 represents \$128M and 14% of all claims paid in FY21. We identified the following exceptions in the Population 4 sample:

- Thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support;
- Nineteen (19) out of thirty-eight (38) PUA claims samples tested had missing or inaccurate documentation that did not support the claims payment amount.

**Cause:**

The Department was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds received in Fiscal Year 2021. The Department relied on an inadequate computer system during the pandemic to manage the program, resulting in various system errors and processing delays.

**Effect:**

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



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Recommendation:**

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

**Views of responsible officials:**

The Department acknowledges and accepts this finding. The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the Unemployment Insurance (UI) program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens. It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months after the start of the PUA program that Congress passed legislation that required documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

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

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. The Department has already begun the process of developing the necessary features into the Department's PUA system and has begun the auditing of claims to ensure retroactive program eligibility. Where appropriate, claims will be placed into an overpayment status and collection efforts will ensue.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-013

**Prior Year Finding:** N/A

**Federal Agency:** U.S. Department of Defense  
U.S. Department of the Treasury

**State Agency:** Department of Finance and Management (Finance)

**Federal Program:** National Guard Military Operations and Maintenance (O&M) Projects  
COVID-19 – Coronavirus Relief Fund

**Assistance Listing Numbers:** 12.401, 21.019

**Award Number and Year:** FY2020: W912LN-20-2-1001, W912LN-20-2-1002, W912LN-20-2-1003, W912LN-20-2-1004, W912LN-20-2-1005, W912LN-20-2-1007, W912LN-20-2-1010, W912LN-20-2-1011, W912LN-20-2-1014, W912LN-20-2-1021, W912LN-20-2-1022, W912LN-20-2-1023, W912LN-20-2-1024, W912LN-20-2-1040  
  
FY2021: W912LN-21-2-1001, W912LN-21-2-1002, W912LN-21-2-1003, W912LN-21-2-1004, W912LN-21-2-1005, W912LN-21-2-1007, W912LN-21-2-1010, W912LN-21-2-1011, W912LN-21-2-1014, W912LN-21-2-1021, W912LN-21-2-1022, W912LN-21-2-1023, W912LN-21-2-1024, W912LN-21-2-1040  
  
SLT0049 (2020), SLT0083 (2020)

**Compliance Requirement:** Reporting: Schedule of Expenditures of Federal Awards

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:**

*Compliance:* Per 2 CFR 200 Section 510(b), the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements which must include the total federal awards expended as determined in accordance with Section 200.502. The schedule must list individual federal programs by federal agency and provide total federal awards expended for each individual federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. Per Section 502(g), federal noncash assistance, such as free rent, food commodities, donated property, or donated surplus property, must be valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

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

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

Errors were detected in the Schedule of Expenditures of Federal Awards (SEFA) submitted to auditors. Errors consisted of an overstatement of expenditures for assistance listing 12.401-National Guard Military Operations and Maintenance (O&M) Projects and an overstatement of subrecipient expenditures for assistance listing 21.019-Coronavirus Relief Fund.

**Context:**

When reconciling detail expenditures to the SEFA during audit test work, the following SEFA reporting errors were noted:

1. Documentation supporting expenditures for assistance listing 12.401 did not tie to the SEFA. Reported expenditures were overstated by 42%, or approximately \$10 million for this program. It was later determined that \$10 million should have been reported under assistance listing 12.400-Military Construction, National Guard which was a new program in FY 2021 and had been omitted from the SEFA.
2. Subrecipient expenditures for assistance listing 21.019 were overstated by 50%, or approximately \$175 million. Numerous errors were detected when reconciling supporting documentation to the amount passed through to subrecipients and it was determined that a significant number of payments to beneficiaries had been misclassified as payments to subrecipients when the SEFA was prepared.

**Questioned costs:**

Undetermined.

**Cause:**

Individual State agencies/departments prepare their own sections of the SEFA and submit them to Finance which compiles the State's consolidated report. Procedures and internal controls were not sufficient to ensure that expenditures reported by Finance on the SEFA were supported by detail expenditure transactions recorded in the State's accounting system and reported under the correct assistance listing number. Further, procedures and controls in the Coronavirus Relief Program were insufficient to correctly identify and report payments to beneficiaries.

**Effect:**

Federal expenditures were incorrectly reported on the SEFA submitted to auditors, effecting the initial determination of Type A and Type B programs. When the reporting error was corrected, assistance listing 12.400 was determined to be a new Type B program. Subrecipient pass-through reporting errors for assistance listing 21.019 effected testing of subrecipient monitoring for the program.

**Recommendation:**

We recommend that Finance improve its SEFA compilation process to ensure that program expenditures and the amounts passed through to subrecipients reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify programs that are new to the State and ensure they are included on the SEFA.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure expenditure information they submit to Finance is accurate, that it includes all programs expended, and ties to detail expenditure transactions in the State's accounting system. They should also review and enhance procedures and controls to ensure that subrecipient payments are accurately reported and do not include payments to beneficiaries.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-014  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of the Treasury  
**State Agency:** Agency of Administration (Agency)  
**Federal Program:** COVID-19 – Coronavirus Relief Fund  
**Assistance Listing Number:** 21.019  
**Award Number and Year:** SLT0049 (2020), SLT0083 (2020)  
**Compliance Requirement:** Activities Allowed or Unallowed, Period of Performance  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* The Coronavirus Relief Fund was designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use Fund payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are: 1) Necessary expenditures incurred due to the public health emergency with respect to COVID-19; 2) Not accounted for in the governments' most recently approved budget as of March 27, 2020; and 3) Incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

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

**Condition:**

We noted that an invoice charged to the program included expenditures that were incurred prior to March 1, 2020.

**Context:**

The Agency has oversight responsibility for Coronavirus Relief Fund expenditures and reporting for the State of Vermont (the State). Multiple agencies and departments within the State incur costs charged to the program which are compiled by the Agency. One of sixty expenditure transactions selected for testing was for cleaning/sanitation supplies purchased by the Department of Labor (the Department) in January 2020 which was prior to the allowable period of the program.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Cause:**

The Department's procedures and controls were not sufficient to ensure that only costs incurred between March 1, 2020 and December 31, 2021 were submitted to the Agency and charged to the program. The Agency's internal controls were not sufficient to detect that the Department had charged costs to the program that were incurred prior to the program's allowable period.

**Effect:**

Unallowable costs were charged to the program.

**Questioned costs:**

\$871.72

**Recommendation:**

We recommend the Agency review and enhance procedures and controls to ensure that only allowable costs are charged the program. We further recommend that the Agency work with the State's agencies and departments to review and enhance their procedures and controls to ensure that costs they submit to the Agency are allowable and are incurred within the program's allowable period.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-015  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of the Treasury  
**State Agency:** Agency of Administration (Agency)  
**Federal Program:** COVID-19 – Coronavirus Relief Fund  
**Assistance Listing Number:** 21.019  
**Award Number and Year:** SLT0049 (2020), SLT0083 (2020)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* Per 2 CFR section 200.1, a subaward is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Per 2 CFR section 200.331, a nonfederal entity may concurrently receive federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

2 CFR section 200.332 - Requirements for Pass-Through Entities, states in part, that all pass-through entities must:

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

2 CFR section 200.521 – Management Decision, states that a pass-through entity must be responsible for issuing a management decision for audit findings that relate to federal awards it makes to subrecipients. Further, a management decision must be issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

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

**Condition:**

The Agency misclassified payments it made to beneficiaries as subawards. The misclassifications were detected by auditors during test work. In addition, the Agency did not obtain or review single audit reports for all subrecipients and was unable to verify that they were audited in compliance with Subpart F.

**Context:**

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

- 5 of 60 subawards provided economic support to businesses that experienced economic harm during the pandemic which were determined to be beneficiary payments and not subawards. The Agency issued subaward agreements to the beneficiaries although program requirements should not have been applicable.
- The Agency was unable to provide support that 2 of 60 subrecipients were audited in compliance with Subpart F. Audit reports were not obtained nor reviewed and management decisions were not issued.

**Cause:**

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

**Effect:**

Subawards were issued in error and programmatic requirements were improperly passed on to beneficiaries.

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

**Questioned costs:**

Undetermined



STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Recommendation:**

We recommend the Agency review and enhance internal controls and procedures to ensure that subrecipient determinations are properly performed and that evaluations of independent audits are completed and documented timely.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-016  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of the Treasury  
**State Agency:** Agency of Administration (Agency)  
**Federal Program:** COVID-19 – Emergency Rental Assistance  
**Assistance Listing Number:** 21.023  
**Award Number and Year:** ERA1 (12/27/2020 – 9/30/2022)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Criteria or specific requirement:**

*Compliance:*

Subrecipient Monitoring - Per 2 CFR section 200.332 - Requirements for Pass-Through Entities states, in part, that all pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes:
- i. Subrecipient name (which must match the name associated with its unique entity identifier);
  - ii. Subrecipient's unique entity identifier;
  - iii. Federal Award Identification Number (FAIN);
  - iv. Federal award date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the federal agency;
  - v. Subaward period of performance start and end date;
  - vi. Subaward budget period start and end date;
  - vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient;
  - viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation;
  - ix. Total amount of the federal award committed to the subrecipient by the pass-through entity;

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

- x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
  - xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
  - xii. Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each federal award and the Assistance Listings Number at time of disbursement;
  - xiii. Identification of whether the award is R&D; and
  - xiv. Indirect cost rate for the federal award (including if the de minimis rate is charged) per section 200.414.
- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

Suspension and Debarment – Per 2 CFR section 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

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

**Condition:**

The Agency did not furnish all required information to its subrecipients at the time of issuance of subawards nor was it able to provide support that it ensured its subrecipients were audited as required by 2 CFR Part 200 Subpart F – Audit Requirements (Subpart F). Further, the Agency was not able to provide support that it verified its subrecipients were not suspended or debarred or otherwise excluded from participating in the program.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Context:**

The Agency issued three subawards to two subrecipients during FY 2021 and all were selected for testing. The following exceptions were noted:

- 2 of 3 subawards were missing the following required information: subrecipient's unique identifier, FAIN, federal award date, subaward budget period, name of federal awarding agency, assistance listing number and program name, and indirect cost rate.
- For 2 of 3 subawards, the Agency was unable to provide support that the subrecipient had not been suspended or debarred or otherwise excluded from participating in the transaction.
- For 1 of 2 subrecipients, the Agency was unable to provide support that they were audited in compliance with Subpart F.

**Cause:**

The Agency did not establish effective internal controls and procedures over subrecipient monitoring to ensure that it issued and monitored subawards in accordance with 2 CFR section 200.332 and the suspension and debarment requirements of 2 CFR section 180.

**Effect:**

Excluding the required federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports, and federal funds may not be properly audited at the subrecipient level in accordance with the Uniform Guidance.

Failure to ensure subrecipients have not been suspended or debarred could allow a subaward to be issued to an ineligible subrecipient.

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

**Questioned costs:**

Undetermined

**Recommendation:**

We recommend the Agency review and enhance internal controls and procedures to ensure that all required information is included in its subawards, that it verifies subrecipients have not been suspended or debarred, and that evaluation of independent audits is performed and documented.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-017  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Education  
**State Agency:** Agency of Education (Agency)  
**Federal Program:** Title I  
**Assistance Listing Number:** 84.010  
**Award Number and Year:** S010A200045 (7/1/2020 – 9/30/2021)  
S010A200045-20A (7/1/2020 – 9/30/2021)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding:** Material Weakness in Internal Control Over Compliance, Material Noncompliance

**Criteria or specific requirement:**

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

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and \$30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

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

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

Subaward modifications were overstated when reported to FSRS, resulting in obligations that exceeded the total amount of the federal awards. One subaward was not reported timely.

**Context:**

Eight subawards were selected for testing, to which 16 modifications were issued that modified the subaward amount. For 15 of the 16 modifications, the amended award amounts totaled \$1,781,905, but the amount reported to FSRS totaled \$18,161,079, resulting in overreporting of \$16,379,174. Rather than reporting only the amount of the modifications, the Agency reported the new cumulative award totals for each. This resulted in an over-obligation of the total federal award.

One of eight subawards selected for testing was obligated on 9/17/2019 but was not reported in FSRS until 10/31/2020.

|   |                              |                          |                                  |                                      |
|---|------------------------------|--------------------------|----------------------------------|--------------------------------------|
| <b>Transactions Tested</b>                  | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
| 32  | 0                            | 1                        | 15                               | 0                                    |
| <b>Dollar Amount of Tested Transactions</b> | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
| \$10,638,005                                | \$0                          | \$972,347                | \$16,379,174                     | \$0                                  |

**Cause:**

The Agency incorrectly interpreted FSRS reporting guidance when entering modifications of its subawards and internal controls were not sufficient to prevent the late reporting of a subaward.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-018  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Education  
**State Agency:** Agency of Education (Agency)  
**Federal Program:** COVID-19 – Elementary and Secondary School Emergency Relief Fund  
**Assistance Listing Number:** 84.425D  
**Award Number and Year:** S425D200011 (4/29/2020 – 9/30/2021)  
S425D210011 (1/5/2021 – 9/30/2022)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

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

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and \$30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

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

**Condition:**

Subaward modifications were overstated when reported to FSRS, resulting in obligations that exceeded the total amount of the federal awards. Two subaward modifications were not reported.

**Context:**

Eight subrecipients were selected for testing consisting of 14 issued subawards. To which 4 amendments were issued that modified the subaward amount. A total of 18 transactions were tested consisting of the 14 original awards and 4 amendments. For 2 of the 4 modifications, the amended award amounts totaled \$752,202, but the amount reported to FSRS totaled \$3,750,748, resulting in overreporting of \$2,998,546. Rather than reporting only the amount of the modifications, the Agency reported the new cumulative award totals for each. This resulted in an over-obligation of the total federal award.

Two of eight subrecipients selected for testing issued amendments to the original subaward that were not reported in FSRS.

| Transactions Tested                  | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
|--------------------------------------|-----------------------|-------------------|---------------------------|-------------------------------|
| 18                                   | 2                     | 0                 | 2                         | 0                             |
| Dollar Amount of Tested Transactions | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
| \$22,182,452                         | \$266,346             | \$0               | \$2,998,546               | \$0                           |

**Cause:**

The Agency incorrectly interpreted FSRS reporting guidance when entering modifications of its subawards. Internal controls were not sufficient to ensure that all subaward modifications were reported in FSRS.

**Effect:**

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

**Questioned costs:**

None noted.



STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Recommendation:**

We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-019  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
**Assistance Listing Number:** 93.323  
**Award Number and Year:** 19NU50CK000520 (8/1/2020 – 7/30/2021)  
**Compliance Requirement:** Reporting  
**Type of Finding:** Material Weakness in Internal Control Over Compliance, Material Noncompliance

**Criteria or specific requirement:**

*Compliance:* Nonfederal entities are required to submit performance reports on a quarterly basis, no later than 30 days after the end of each quarter, in accordance with the terms and conditions of the federal award.

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

**Condition:**

The Agency could not provide support to document that performance measure reports had been filed timely and accurately.

**Context:**

Reports for two quarters were selected for testing in which four performance reports were reviewed. We noted the following exceptions:

- For 3 of 4 reports, supporting documentation provided did not agree with the information reported.
- For 1 of 4 reports, data lines were left blank, and the report was not properly submitted.
- For 4 of 4 reports, supporting documentation could not be provided to validate the reports had been filed timely.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Cause:**

Reports are filed electronically, and the Agency did not maintain copies of all supporting documentation used to prepare them nor of timely submission. Procedures and controls were insufficient to ensure that supporting documentation was maintained and available for audit and that reports were filed accurately and timely.

**Effect:**

Performance measure data reported for the program was incomplete and unsupported with adequate documentation.

**Questioned costs:**

Undetermined due to a lack of supporting documentation.

**Recommendation:**

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

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-020  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** CCDF Cluster, COVID-19 – CCDF Cluster  
**Assistance Listing Number:** 93.575, 93.596  
**Award Number and Year:** 2101VTCCC5 (12/27/2020 – 9/30/2023)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

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

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and \$30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

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

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

Subaward information was not reported to FSRS timely. The Agency reported subawards to FSRS nine months after award issuance. The reporting deadline was no later than the last day of the month following the month in which the award was issued.

**Context:**

Sixteen subrecipients were selected for testing, to which 39 subawards were issued during FY2021. Of the 39 subawards, 26 were issued on April 1, 2021, and should have been reported to FSRS no later than May 31, 2021, but they were not reported until January 2022.

| <b>Transactions Tested</b>                  | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
|---|------------------------------|--------------------------|----------------------------------|--------------------------------------|
| 39  | 0                            | 26                       | 0                                | 0                                    |
| <b>Dollar Amount of Tested Transactions</b> | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
| \$1,767,804                                 | \$0                          | \$1,487,333              | \$0                              | \$0                                  |

**Cause:**

The Agency’s Internal Audit Group (IAG) reports subaward information in FSRS using subaward information provided by the Department of Children and Families (DCF). DCF did not provide the IAG with subaward information timely and internal controls did not detect that the subawards had not been reported to FSRS as required.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

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

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-021  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** CCDF Cluster, COVID-19 – CCDF Cluster  
**Assistance Listing Number:** 93.575, 93.596  
**Award Number and Year:** 2101VTCCC5 (12/27/2020 – 9/30/2023)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* Per 2 CFR section 200.332(a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes:

- i. Subrecipient name (which must match the name associated with its unique entity identifier);
- ii. Subrecipient's unique entity identifier;
- iii. Federal Award Identification Number (FAIN);
- iv. Federal award date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the federal agency;
- v. Subaward period of performance start and end date;
- vi. Subaward budget period start and end date;
- vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient;
- viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation;
- ix. Total Amount of the federal award committed to the subrecipient by the pass-through entity;
- x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;
- xii. Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each federal award and the assistance listings number at time of disbursement;

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

- xiii. Identification of whether the award is R&D; and
- xiv. Indirect cost rate for the federal award (including if the de minimis rate is charged) per section 200.414.

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

**Condition:**

Required federal award information was missing from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) subawards.

**Context:**

Ten subrecipients were selected for testing to which 33 subawards were issued during FY 2021. For 25 of the 33 subawards, the federal award date was missing from the subaward agreements. We noted that the 25 exceptions were all funded with CRRSA funds.

**Cause:**

The Agency did not adequately follow its subrecipient procedures and internal controls prior to issuance of the subawards were not sufficient to detect that the required information was omitted.

**Effect:**

Subrecipients were not provided with all required federal award information pertaining to their subawards.

**Questioned costs:**

None noted.

**Recommendation:**

We recommend the Agency review and enhance procedures and controls to ensure that all required federal award information is included on subawards prior to their issuance.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-022  
**Prior Year Finding:** 2020-012  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** State Children’s Insurance Program (CHIP), Medicaid Cluster  
**Assistance Listing Number:** 93.767, 93.775, 93.777, 93.778  
**Award Number and Year:** 190VT5021 (10/1/2018 – 9/30/2020)  
2005VT5021 (10/1/2019 – 9/30/2021)  
2105VT5021 (10/1/2020 – 9/30/2022)  
  
2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Special Tests and Provisions - Provider Eligibility  
**Type of Finding:** Material Weakness in Internal Control Over Compliance,  
Material Noncompliance

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

**Condition:**

We noted that the Agency did not maintain documentation to support provider eligibility to participate in the Medicaid and CHIP programs. The provider eligibility requirement is administered by a 3rd-party that is required to determine and document the provider’s eligibility with the Agency’s requirements. License renewal information was not updated on a timely basis in the provider management module.



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Context:**

Total provider sample size was sixty for Medicaid and sixty for CHIP. Specifically, we noted the following:

1. Nine Medicaid and twelve CHIP provider files did not have current license information in the provider management module and the monthly screening process was not followed to validate the licenses.
2. The application for one Medicaid provider was not available for review.
3. For one Medicaid and two CHIP providers, the State did not maintain proper documentation that revalidation occurred within the required five-year time frame.
4. Documentation was incomplete to support that two CHIP providers were compliant with Vermont state law that providers must be in good tax standing to receive Medicaid funding.

**Cause:**

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

**Effect:**

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

**Questioned costs:**

Undetermined.

**Recommendation:**

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

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-023  
**Prior Year Finding:** 2020-013  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** State Children’s Insurance Program (CHIP), Medicaid Cluster  
**Assistance Listing Number:** 93.767, 93.775, 93.777, 93.778  
**Award Number and Year:** 190VT5021 (10/1/2018 – 9/30/2020)  
2005VT5021 (10/1/2019 – 9/30/2021)  
2105VT5021 (10/1/2020 – 9/30/2022)  
2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* Allowable Costs and Allowable Activities for CHIP and Medicaid are for beneficiaries who have been determined to be eligible (or are presumptively eligible) at the time of service, whether covered under fee-for-service or managed care.

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 insurance status. States are directed at 42 CFR 457.340(d) to determine eligibility promptly and without undue delay. The determination of eligibility may not exceed 45 days.

Eligibility for Medicaid includes both financial and nonfinancial 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 nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

We noted the following beneficiary eligibility exceptions:

- Documentation to support beneficiary eligibility was incomplete in both CHIP and Medicaid.
- CHIP eligibility determination was not completed within the required 45-day period.
- Benefits were not terminated timely for a Medicaid beneficiary that was determined to be ineligible.

**Context:**

- One of 60 CHIP participants was lacking proper documentation to support eligibility determination and prompt determination.
- Eligibility determination for one of sixty CHIP participants exceeded 45 days.
- One of 60 Medicaid beneficiaries was lacking proper documentation to support eligibility determination.
- One of 60 Medicaid beneficiaries was determined to be ineligible, but benefits were not terminated timely. The beneficiary was determined to be ineligible in May 2020 and benefits continued to be paid until January 2022.

**Cause:**

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

**Effect**

The Agency was unable to support beneficiary eligibility and the Agency paid benefits for an ineligible participant.

**Questioned costs:**

\$15,760 – Federal share of benefits paid on behalf of an ineligible participant from May 2020 to January 2022. Questioned costs for all other eligibility exceptions is undetermined.

**Recommendation:**

We recommend that the Agency review and enhance procedures and controls for Medicaid and CHIP beneficiary eligibility determination to ensure that eligibility is determined promptly within federal requirements and that documentation to support eligibility is maintained in accordance with the retention policy and is readily available for review. We further recommend that ineligible participants are terminated on a timely basis.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-024  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** State Children’s Insurance Program (CHIP), Medicaid Cluster  
**Assistance Listing Number:** 93.767, 93.775, 93.777, 93.778  
**Award Number and Year:** 190VT5021 (10/1/2018 – 9/30/2020)  
2005VT5021 (10/1/2019 – 9/30/2021)  
2105VT5021 (10/1/2020 – 9/30/2022)  
2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Special Tests and Provisions – Medical Loss Ratio (MLR)  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance,  
Other Matters

**Criteria or specific requirement:**

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

*Control:* Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal 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 2019 Medical Loss Ratio report for the State’s MCO was not submitted within twelve months after the end of the reporting year.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Context:**

The Agency of Human Services, Department of Vermont Health Access (DVHA) acts as its own MCO. DVHA was required to submit the MCO's Medical Loss Ratio report for the year ending 12/31/2019 no later than 12/31/2020 but the report was not submitted until 8/26/2021.

**Cause:**

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

**Effect:**

The Agency is out of compliance with MLR reporting requirements.

**Questioned costs:**

Undetermined.

**Recommendation:**

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

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-025  
**Prior Year Finding:** 2020-014  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** Medicaid Cluster  
**Assistance Listing Number:** 93.775, 93.777, 93.778  
**Award Number and Year:** 2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Special Tests and Provisions - Provider Health and Safety Standards  
**Type of Finding:** Material Weakness in Internal Control Over Compliance, Material Noncompliance

**Criteria or specific requirement:**

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

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

**Condition:**

We noted that the Agency did not maintain documentation to support providers’ compliance with the prescribed health and safety standards.

The Agency requires that providers complete a health and safety agreement in which they attest to compliance with the Agency’s health and safety requirements. The provider eligibility and health and safety requirements are administered by a 3<sup>rd</sup>-party that is required to determine and document providers’ eligibility with the Agency’s requirements. Health and safety documentation was not consistently maintained in provider files and compliance could not be verified.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Context:**

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

1. Nine provider files did not have current license information maintained in the provider management module and the monthly screening process was not followed to validate the licenses.
2. One application was not available for review.
3. One provider file was out of date. The provider was due for revalidation in January 2019, but no evidence was provided to support that revalidation had occurred.

**Cause:**

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

**Effect:**

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

**Questioned costs:**

Undetermined.

**Recommendation:**

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

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-026  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** Medicaid Cluster  
**Assistance Listing Number:** 93.775, 93.777, 93.778  
**Award Number and Year:** 2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding:** Material Weakness in Internal Control Over Compliance,  
Material Noncompliance

**Criteria or specific requirement:**

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

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and \$30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

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



**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Condition:**

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

- The Agency did not report all required subaward information.
- The Agency reported incorrect subaward amounts and did not report modifications to previously reported subawards.

**Context:**

Twelve subrecipients were selected for testing, to which 31 subawards were issued during FY2021. The Agency’s Internal Audit Group (IAG) reports subaward information in FSRS for its various departments using subaward information provided by the departments. The following reporting errors were noted:

Department of Mental Health (DMH): One reported amount did not agree with the subaward agreement and one subaward modification was not reported. The total amount not reported to FSRS is \$2,089,249.

Department of Aging and Independent Living (DAIL): Six subaward modifications were not reported. The total amount of modifications not reported to FSRS is \$927,799.

Department of Vermont Health Access (DVHA): Nine reported amounts did not agree with the subaward agreement and fifteen modifications to four subawards were not reported. The total amount not reported to FSRS is \$77,350.

| <b>Transactions Tested</b>                  | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
|---|------------------------------|--------------------------|----------------------------------|--------------------------------------|
| 31  | 0                            | 0                        | 21                               | 0                                    |
| <b>Dollar Amount of Tested Transactions</b> | <b>Subaward not reported</b> | <b>Report not timely</b> | <b>Subaward amount incorrect</b> | <b>Subaward missing key elements</b> |
| \$12,858,349                                | \$0                          | \$0                      | \$3,094,398                      | \$0                                  |

**Cause:**

DMH, DAIL and DVHA did not provide the IAG with accurate and complete subaward information which caused errors and omissions in subaward reporting to FSRS. In addition, the Agency’s FSRS reporting procedure did not comply with FFATA requirements, resulting in modifications below \$30,000 being excluded from FSRS reporting.

**Effect:**

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

**Questioned costs:**

None noted.

STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Recommendation:**

We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward modifications are reported accurately to FSRS in accordance with FFATA requirements.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-027  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Agency of Human Services (Agency)  
**Federal Program:** Medicaid Cluster  
**Assistance Listing Number:** 93.775, 93.777, 93.778  
**Award Number and Year:** 2005VT5MAP (10/1/2019 – 9/30/2020)  
2105VT5MAP (10/1/2020 – 9/30/2021)  
**Compliance Requirement:** Special Tests and Provisions – ADP Risk Analysis and System Security Review  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* State Medicaid Agencies (SMAs) must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. SMAs must perform risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The SMA shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

*Control:* Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal 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 was required to conduct a biennial ADP risk analysis and system security review of its ACCESS system in May 2020, but this review has not yet been conducted.

**Context:**

The Agency contracted with an independent auditor in 2018 to conduct a security audit of the ACCESS system and the next biennial audit was due in May 2020. Due to COVID restrictions and enhanced Agency workloads in 2020, the May 2020 review did not take place and instead the Agency relied on an IRS review in November 2021 to fulfill its review requirement. In addition, findings were noted in the IRS review and the Agency’s corrective action plan to address these findings is due by October 2022.

STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

---

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

---

**Cause:**

Due to COVID restrictions and enhanced Agency workloads, the May 2020 review was delayed. The Agency uses the IRS review which takes place every three years to fulfill its biennial risk analysis and system security audit requirement.

**Effect:**

Failure to conduct timely biennial ADP risk analysis and system security reviews could result in undetected system errors and security vulnerabilities.

**Questioned costs:**

Undetermined.

**Recommendation:**

We recommend the Agency review its procedures to ensure that ADP risk analysis and system security reviews are conducted biennially.

**Views of responsible officials:**

Management agrees with the finding.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Reference Number:** 2021-028  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)  
**State Agency:** Department of Labor (Department)  
**Federal Program:** COVID-19 – Presidential Declared Disaster Assistance to Individuals and Households - Other Needs  
**Assistance Listing Number:** 97.050  
**Award Number and Year:** 4532DRVTSPLW (8/1/2020 – 3/27/2021)  
**Compliance Requirement:** Reporting  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Criteria or specific requirement:**

*Compliance – Weekly Reporting Requirement:* States and territories that received a grant award for supplemental lost wages payments were required to provide FEMA with the Lost Wages Benefits Payment Weekly Report that included the total, weekly dollar amount of actual lost wages benefit payments made to eligible claimants, by program, the number of appeals for the underlying benefits received by claimants, and any pending claims. The state/territory used the Lost Wages Weekly Report Template for the weekly submission. The Lost Wages Weekly Report is provided to FEMA and is required until all claims are paid.

*Quarterly Reporting Requirement - SF-425 Federal Financial Report:* States/territories must submit the SF-425 form to FEMA on a quarterly basis throughout the grant award period of performance, including any partial quarters in which the period of performance is open. States/territories must submit the report even if no grant award activity occurs during a given quarter.

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

**Condition:**

The Department did not submit the Lost Wages Weekly Report nor the SF-425 Federal Financial Report as required by program reporting requirements.

**Questioned costs:**

Undetermined.

**STATE OF VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

---

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

---

**Context:**

The Department provided assistance to program participants for benefit weeks ending 8/1/2020 through 9/5/2020 (six weeks). Weekly reports were due for each benefit week and quarterly reports were due for each quarter until the grant was closed out on 6/27/2021. As of the date of audit test work, the Department has not filed any of the required weekly or quarterly reports.

**Cause:**

The Department did not establish procedures or controls to ensure that weekly or quarterly reports were filed as per program requirements.

**Effect:**

In the case of any potential or actual noncompliance, including delinquent reports, a demonstrated lack of progress, or an insufficient detail in the reports, FEMA may place special considerations on an award and/or FEMA may place a hold on funds until the matter is corrected or additional information is provided per 2 C.F.R. §§ 200.207 and 200.338.

**Recommendation:**

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

**Views of responsible officials:**

The Department acknowledges and accepts this finding.

With limited staff, insufficient funding, and significant challenges facing the Department since the onset of the COVID-19 pandemic, the Department consciously chose to deprioritize certain administrative functions, such as federal reporting, in order to ensure that critical functions of the Unemployment Insurance program were being met. The Department placed people over process and focused all available resources on the distribution and accuracy of benefit payments and the support of Vermont's employer communities.