

VT DHCD Grants Management: Federal Grant Funding Responsibilities & Single Audit Best Practice Guidance
Overview of Audit Requirements for Community Development Block Grant (CDBG) Grantees (December 17, 2019)

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1. History & Definitions: Federal and State

Federal History: The Federal government passed the **Single Audit Act of 1984**, as amended in 1996, to ensure organizations receiving federal funds are compliant with federal requirements. The Act refers to conducting one cost-effective ‘single audit’ for non-federal entities in lieu of multiple audits of individual programs. In December 2014, the Office of Management and Budget (OMB) issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) **Subpart F, 2 CFR 200** to replace Circular A-133 rules related to Audit Requirements for a Single Audit.

OMB Uniform Guidance at 2 CFR 200:

- US Government Publishing Office, Electronic Code of Federal Regulations, 2 CFR 200: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- OMB 2 CFR 200, Frequently asked questions, July 2017: <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>
- **Single Audit:** An organization wide financial statement and federal awards’ audit of a non-federal entity that expends \$750,000 or more in federal funds in a given fiscal year. This includes the Schedule for Expenditure of Federal Awards.
- **CFDA or Catalog of Federal Domestic Assistance:** Five digit number assigned to grants funded by federal government; and the CFDA Title identifies the federal program.
- **DUNS or Data Universal Numbering System** (created by Dun & Bradstreet): Unique nine-character number identifying your organization. Required by OMB who uses this number to track how federal money is dispersed.
- **FAC or Federal Audit Clearinghouse:** web-based portal to submit the single audit reporting package, required by OMB Uniform Guidance.
- **Uniform Guidance:** OMB Issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, called 2 CFR 200.
- **SAM or System for Award Management:** web-based portal, government-wide application that collects, validates, stores, and disseminates business information about the federal government's business partners in support of the contract awards, grants, and the electronic payment processes.
- **SEFA or Schedule for Expenditure of Federal Awards:** the schedule on a Single Audit summarizing all federal grant expenditures in a given fiscal year compiled by the subrecipient. For required elements, see Auditee responsibilities in 2 CFR 200.
- **Subrecipient:** non-federal entity that receives a subaward from a pass through entity, such as State of Vermont, to carry out part of a federal program; may also be a recipient of federal funds directly from a federal awarding agency.

State of Vermont: As a pass through of federal grant funds, the State of Vermont is responsible to follow Uniform Guidance in issuing federally funded grants. The steps are outlined in State of Vermont, Agency of Administration Policy for Grant Issuance and Monitoring Bulletin 5: http://aoa.vermont.gov/sites/aoa/files/Bulletins/Bulletin_5_eff12-26-14.pdf

- **Primary Pass-Through Entity:** lead State agency responsible for all aspects of a subrecipient’s Single Audit. Responsibilities include: ensuring subrecipient conducts one, coordinating review of subrecipient’s Single Audit report with **Secondary Pass Through Entities**, and/or following up with subrecipients, delinquent in submitting the *Subrecipient Annual Report* to the Department of Finance and Management.
- **SAR or Subrecipient Annual Report:** As a condition of a subrecipient’s federally funded grant award from the State of Vermont, this report must be completed in its entirety, within forty-five (45) days after subrecipient’s fiscal year end to report on all expenditures of federal funds in the fiscal year for any open grants. This indicates whether a Single Audit is required for a given fiscal year. This will reflect the CFDA for each federal award and outline all expenditures in a given fiscal year.

2. Must Do & How To:

Obtain a DUNS Number: *DUNS will be replaced in Dec 2020, new federal, nonproprietary unique entity identifier (UEI). Stay tuned.

How do I get a DUNS number?	→ Call 1-866-705-5711 or access the Dun & Bradstreet website: http://fedgov.dnb.com/webform	→ How long does this step usually take?	→ 1-2 business days
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Register with SAM – annual registration required

How do I register with the System Award Management (SAM)?	→ Access https://www.sam.gov/portal/SAM/##11 You'll also need the authorizing official of your organization and an Employer Identification Number (EIN). And select Public view.	→ How long does this step usually take?	→ 7-10 business days (2 more weeks to acquire an EIN)
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Submit Subrecipient Annual Report – annually when receiving any federal funds

How do I submit a Subrecipient Annual Report to the State of Vermont?	Due within 45 days after your fiscal year end. → Access: http://finance.vermont.gov/sites/finance/files/documents/Forms/Grant_Recipients/FIN-Subrecipient_Annual_Report.pdf ; complete and follow all instructions.	→ How long does this step usually take?	→ Varies: allow time to complete and mail.
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Submit Single Audit reporting package to: 1. FAC & 2. all State of Vermont granting agencies whose grant funds you expended

How do I submit a Single Audit to the Federal Audit Clearinghouse (FAC)?	Due within the earlier of 30 days after receipt of auditor's report, or 9 months after end of the fiscal year. Access https://harvester.census.gov/facweb/default.aspx/ and create an account if you are not already a current user. *If due date falls on a Saturday, Sunday or Federal holiday, reporting package is due the next business day.	→ How long does this step usually take?	→ 5-7 business days (more if new account)
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How do I submit a Single Audit to State of Vermont granting agency whose funds we expended?	Contact State of Vermont Department contacts at: http://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Grants/FIN-B5_Dept_Contact_List.pdf Submit Single Audit to each department contact via email	→ How long does this step usually take?	→ Varies: allow time to complete and email.
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How to Submit a Single Audit to ACCD-DHCD	→ Log onto GEARS at: https://egrants.vermont.gov , go to blue banner, Organization → Organization Documents → scroll down to SA-2017-NAME-000XX
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A. Plan for Single Audit: *confirms understanding of Single Audit	→ Due within 10 days of Single Audit Open status.	→ When to submit?	→ Due within 10 days of Single Audit Open status
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B. Single Audit	→ Due within 30 days after Auditor's Report or no later than 9 months after your fiscal year end.	→ When to submit?	→ 30 days after Auditor Report/9 months after fiscal end
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3. Establish Internal Controls and Segregation of Duties

Internal Control helps an entity run its operation efficiently and effectively, reliable reporting and comply with rules and regulations. A control is checking the work of someone else; checking to see if the process is happening, and not the process itself. Question: Is pre-numbered checks an Internal Control? No. Comparing pre-numbered checks periodically to check the system is an Internal Control

Separation of duties is paramount in Financial Management of federal and state grant funds at the municipal level. The responsible municipal staff roles must be outlined in the grant upfront, reflecting the municipality's written policy and procedures for internal control and segregation of duties. Responsible roles include the individual(s) signing the checks does not approve payments; and that the municipality follows their warrant process for payment approval.

Additionally, it is best practice that a majority of the legislative body/select board involved sign a warrant (a warrant WITH check numbers assigned for each payment) BEFORE the appointed person who prints, and signs checks does so. The same person can print and sign a check; he or she just cannot approve the payment. It is also advisable to have someone other than the person who signs the checks balance all accounts each month against the bank statements.

In smaller towns where there are fewer municipal workers in the town offices, the legislative body/select board can be the party tasked with reviewing the bank statements every month. The treasurer can do the balancing of the statements, but the legislative body/select board would check all cancelled checks against the warrants.

Federal Guidance:

Internal Control: The U.S. Government Accountability Office (GAO) has the "Standards for Internal Control in the Federal Government" called the Green Book. GAO bases the Green Book on a model of internal control created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) <https://www.gao.gov/assets/670/665712.pdf>

COSO framework defines internal control as a process effected by an entity's board of directors, management and other personnel designed to provide "reasonable assurance" regarding the achievement of the entity's objectives relating to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The COSO guidelines indicate that the control activities should have policies establishing what should be done; and procedures to implement those policies.

GAO Green Book defines internal control as "A process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks in the broad sense fall into these three categories:

- I. Operations: effectiveness and efficiency of operations
- II. Reporting: reliability of reporting for internal and external use
- III. Compliance: compliance with applicable laws and regulations

Uniform Guidance requires internal controls over grant compliance to be in compliance with the COSO 'Internal Control Integrated Framework'

Segregation of Duties per GAO Green Book:

Segregation of duties - The separation of the authority, custody, and accounting of an operation (paragraph 10.13) Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

- 10.12 Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.
- 10.13 Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override.

Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

- 10.14 If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Segregation of Duties per American Institute of Certified Public Accountants (AICPA) states: “**Segregation of Duties (SOD)** is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable.

Imagine what would happen if the keys, lock and code for a nuclear weapons system were all in the hands of one person! Emotions, coercion, blackmail, fraud, human error and disinformation could cause grave and expensive one-sided actions that can't be corrected. Or, consider the software engineer who has the authority to move code into production without oversight, quality assurance or access rights' authentication.

Without SOD, either of these scenarios clearly shows the possibility of disastrous outcomes. As a result, the risk management goal of SOD controls is to prevent unilateral actions from occurring in key processes where irreversible affects are beyond an organization's tolerance for error or fraud.”

From: <https://www.aicpa.org/interestareas/informationtechnology/resources/value-strategy-through-segregation-of-duties.html>

4. Auditee (Subrecipient) Single Audit Responsibilities & Requirements per Uniform Guidance

A. 200.509: Properly procuring an Auditor

1. Objective is to obtain high quality audit;
2. Proposals for auditing services must have clearly defined objectives and scope;
3. Auditee must request a copy of firm's peer review report;
4. Evaluate proposals based on:
 - Responsiveness to request for proposal
 - Relevant experience
 - Availability of staff with professional qualifications and technical ability
 - Results of peer and external quality control reviews; and
 - Price

B. 200.510(b): Preparing financial statements, including the Schedule of Expenditures of Federal Awards (SEFA) for the auditors that includes:

1. List individual Federal programs by Federal Agency
2. Federal awards received as a subrecipient,
 - Name of Pass-through entity
 - Pass-through Grant number
3. Total Federal Award expended for each individual Federal Program, and the Catalog of Federal Domestic Assistance (CFDA) #
4. Total Paid **out to subrecipients** from each Federal Program.
5. Speak to loans and loan guarantees, and
6. Notes to include accounting policies used and whether or not elected to use 10% de minimis Indirect cost rate

C. 200.511: Prompt follow up and taking corrective action on audit finding, including a summary of prior audit findings and a Corrective Action Plan (CAP):

1. if findings are identified in a Single Audit, **the auditee** must prepare a CAP in a document **separate from the auditor's** Schedule of Findings and Questioned Costs (SFQC). The auditor's reference or summarizing the CAP does not meet Uniform Guidance requirements per section 200.511.
2. The **CAP** must provide:
 - The name(s) of the contact person(s) responsible for corrective action;
 - The corrective action planned; and the
 - The anticipated completion date.
 - If auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.
3. **Summary Schedule of Prior Audit Findings (SSPAF)** To prepare a Summary Schedule of prior audit findings.
4. **No prior audit findings to be noted:** Federal Audit Clearinghouse, frequently asked questions page, advises though a Summary Schedule is not required, if there are no prior audit findings, it does request a separate statement indicating there are no prior audit findings. To confirm compliance of 200.511, we request either a Summary Schedule of Prior Audit Findings page with a simple statement of no prior audit findings, or the separate statement indicating as such that was provided to the Federal Audit Clearinghouse at submission.

D. Best practice for the Auditee is to place both the CAP and the SSPAF on their letterhead "to make clear to those reviewing reporting packages that the information on the CAP and SSPAF are prepared by the auditee" as required by the Uniform Guidance

E. Providing the auditor with access to all relevant records to perform the audit

F. Please note: When using federal funds to cover any audit costs, auditee must Request the auditor provide a dated itemized invoice specifying total cost of completed Single Audit for the relevant Fiscal Year.

• **Federal Audit Clearinghouse's Single Audit Component Checklist:** required components for the Audit Package at:

https://harvester.census.gov/facides/Files/2015_2018%20Checklist%20Instructions%20and%20Form.pdf

5. Sample State of Vermont Grant Agreement, Part 1 – Grant Award Detail.

To comply with the federal guidelines, key information needed for the Single Audit Schedule of Expenditures of Federal Awards is highlighted below on the sample Vermont State Grant Agreement, Part 1 – Grant Award Detail .

STATE OF VERMONT GRANT AGREEMENT										Part 1 - Grant Award Detail		
SECTION I - GENERAL GRANT INFORMATION												
¹ Grant #: 07110-SS-2017-St. Albans City-00001					² Original <input checked="" type="checkbox"/> Amendment # _____							
³ Grant Title: Champlain Housing Home Repair Loan Program												
⁴ Amount Previously Awarded: \$ 0.00			⁵ Amount Awarded This Action: \$ 635,000.00			⁶ Total Award Amount: \$ 635,000.00						
⁷ Award Start Date: 10/17/2017			⁸ Award End Date: 12/31/2019			⁹ Subrecipient Award: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>						
¹⁰ Vendor #: 40245		¹¹ Grantee Name: City of St. Albans										
¹² Grantee Address: PO Box 867, 100 North Main Street												
¹³ City: St. Albans				¹⁴ State: VT				¹⁵ Zip Code: 05478				
¹⁶ State Granting Agency: Agency of Commerce and Community Development-DHCD										¹⁷ Business Unit: 07110		
¹⁸ Performance Measures: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		¹⁹ Match/In-Kind: \$26,289,450 Description: See Attachment B - Payment Provisions and Project Budget, 4. Sources and Uses										
²⁰ If this action is an amendment, the following is amended: Amount: <input type="checkbox"/> Funding Allocation: <input type="checkbox"/> Performance Period: <input type="checkbox"/> Scope of Work: <input type="checkbox"/> Other: <input type="checkbox"/>												
SECTION II - SUBRECIPIENT AWARD INFORMATION												
²¹ Grantee DUNS #: 020671608					²² Indirect Rate: <u>0</u> % <small>(Approved rate or de minimis 10%)</small>			²³ FFATA: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>				
²⁴ Grantee Fiscal Year End Month (MM format): 6/30								²⁵ R&D: <input type="checkbox"/>				
²⁶ DUNS Registered Name (if different than VISION Vendor Name in Box 11):												
SECTION III - FUNDING ALLOCATION												
STATE FUNDS												
Fund Type	²⁷ Awarded Previously	²⁸ Award This Action	²⁹ Cumulative Award	³⁰ Special & Other Fund Descriptions								
General Fund	\$0.00	\$0.00	\$0.00									
Special Fund	\$0.00	\$0.00	\$0.00									
Global Commitment (non-subrecipient funds)	\$0.00	\$0.00	\$0.00									
Other State Funds	\$0.00	\$0.00	\$0.00									
FEDERAL FUNDS <small>(includes subrecipient Global Commitment funds)</small>							Required Federal Award Information					
³¹ CFDA #	³² Program Title	³³ Awarded Previously	³⁴ Award This Action	³⁵ Cumulative Award	³⁶ FAIN	³⁷ Federal Award Date	³⁸ Total Federal Award					
14.228	Community Development Block Grant (CDBG)	\$0.00	\$317,500.00	\$317,500.00	B.18.DC.30.0001	9/22/2017	\$6,282,652.00					
³⁹ Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)		⁴⁰ Federal Award Project Descr: CDBG										
14.228	Community Development Block Grant (CDBG)	\$0.00	\$317,500.00	\$317,500.00	B.18.DC.30.0001		\$0.00					
Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)		Federal Award Project Descr: CDBG - FY18 Pending										
		\$0.00	\$0.00	\$0.00			\$0.00					
Federal Awarding Agency:		Federal Award Project Descr:										
		\$0.00	\$0.00	\$0.00			\$0.00					
Federal Awarding Agency:		Federal Award Project Descr:										
Total Awarded - All Funds		\$0.00	\$635,000	\$635,000.00								
SECTION IV - CONTACT INFORMATION												
STATE GRANTING AGENCY NAME: Patrick Scheld TITLE: Community Development Specialist PHONE: 802-828-1365						GRANTEE NAME: William Sawyer TITLE: Director of Planning & Development PHONE: 802-524-1500 x259						

6. Instructions for completing Subrecipient Annual Report and Schedule of Expenditures of Federal Awards

From OMB Uniform Guidance, 200.510, (b) 1-4, see the outline below for the information needed to complete both the Vermont Subrecipient Annual Report (SAR) (*see link in #2. Must Do & How To), and the Schedule of Expenditures of Federal Awards (SEFA) if a Single Audit is due.

Table 1: Where to find information to complete the Single Audit Schedule of Expenditures of Federal Awards (SEFA) in accordance with OMB Uniform Guidance 200.510(b) requirements

OMB Uniform Guidance, UG 200.510(b) Requirement For SEFA	Where information is found on the State of Vermont Grant Agreement, Part 1 (cover page)	SEFA information from Other Funding Sources
1. List individual Federal programs by Federal agency	Section III: #39 Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)	Direct Federal Award Documentation; or other entities grant award documentation
2. For Federal Awards received as a Subrecipient	Section I: #9 Subrecipient Award, if Yes if checked	
a. 'Name of the pass- through entity'	Section I: #16 State Granting Agency: Agency of Commerce and Community Development - DHCD	
b. 'Identifying number assigned by the pass- through'	Section I: #1 Grant Number#: Starts with the Agency/Dept's five-digit business unit number prefix. ACCD-DHCD = 07110-XX-YEAR- NAME-00XXX	
3. Provide total Federal awards expended for each (award)	Grantee/Auditee's Financial records of expenditures	Grantee/Auditee's Financial records of expenditures
a. 'individual Federal program name'	Section III: #32 Program Title: Community Development Block Grant (CDBG), CDBG DR or CDBG DR Hurricane Sandy	
b. 'the CFDA number'	Section III: #31 CFDA #: 14.228 (CDBG & DR1) or 14.269 (DR2)	
4. Total amount provided to Subrecipients from each Federal program	Check Attachment A, Grant Agreement for terms stating if a subaward was made. If yes, review financial records for the subaward.	If yes, subaward: Grantee/Auditee's Financial records of expenditures passed through to a Subrecipient

7. Samples: SAR/SEFA Tracking form, Subrecipient Annual Report and Schedule of Expenditures of Federal Awards

SAR/SEFA Grant Tracking Form:

A	B	C	D	E	F	G	H	I	J	K	L	M	N
REQUIRED SEFA FIELDS:									Additional Columns you might find helpful to track				
Information found on State of Vermont Grant Agreement Part 1, numbers listed below:													
#39	#9	#16	#32	#31	#1				#6	#19		#3	#7 & #8
Federal Awarding Agency Name	Subrecipient Award	Name of pass through entity	Federal Program Name/Title	CFDA Number	Pass Through Entity Grant Number	Amount Passed Through to Subrecipient in fiscal year	Amount Expended during fiscal year		Total Federal Grant Award Amount	Match/In-Kind (Other Resources)	Project total amount	Grant Title	Award dates
U.S. Dept of Housing and Urban Development (HUD)	yes	VT Agency of Commerce and Community Development-DHCD	Community Development Block Grant	14.228	07110-AM-2017-HIGHGATE-00002	50	\$43,000		\$ 92,734	\$ 27,816	\$ 120,550	ADA Mods to Munic Offices	11/20/18-6/30/2020
United States Department of Homeland Security (DHS)	yes	VT Department of Public Safety	Hazard Mitigation Grant	97.039	02140-34000-157	50	\$23,546		\$ 47,250	\$ 2,750	\$ 50,000	HMGP DR-4022	5/24/12-5/2/2021
United States Department of Transportation (DOT)	yes	VT Agency of Transportation	Highway Planning and Construction	20.205	08100-CA0531	50	\$700,000		\$734,800.00	\$183,000	\$900,000.00	STP MM18 (Machia Road Slide)	1/1/2018-12/31/2022
U.S. Dept of Housing and Urban Development (HUD)	yes	VT Agency of Commerce and Community Development-DHCD	Community Development Block Grant	14.228	07110-SS-2019-Highgate-00002	\$74,971	\$74,971		\$ 635,000	\$ 26,289,450	\$ 26,924,445	Home Repair Loan Program	10/17/17-12/31/2019
U.S. Dept of Housing and Urban Development (HUD)	yes	VT Agency of Commerce and Community Development-DHCD	Community Development Block Grant	14.228	07110-PG-2018-HIGHGATE-02	50	\$25,000		\$ 45,000	\$ 15,000	\$ 60,000	Industrial Devel Waterline Ext.	11/20/18-6/30/2020
						\$74,971	\$866,517		\$ 1,554,784	\$ 26,518,016	\$ 28,054,995		

Example of Subrecipient Annual Report completed:

Sample SAR, No Single Audit Due

For Finance & Management Use Only: LI L2 DM Other

VISION Entry: _____

STATE OF VERMONT SUBRECIPIENT ANNUAL REPORT

As a condition of your federally funded grant award from the State of Vermont, you must complete this report in its entirety annually within forty-five (45) days after your fiscal year end. Please refer to the instructions on the reverse side of this document. You may also refer to the Grant Sub-Recipient FAQ page of the Department of Finance & Management website at <http://finance.vermont.gov>.

SECTION I - SUBRECIPIENT IDENTIFYING INFORMATION

FISCAL YEAR ENDING DATE: 6-30-18 VENDOR NUMBER: 000040233

SUBRECIPIENT NAME: Town of Highgate

ADDRESS: PO Box 189, 2996 Rte 78 Highgate, VT 05459

SECTION II - CERTIFICATION OF AUDIT REQUIREMENT

A SINGLE AUDIT IS REQUIRED FOR THE ABOVE FISCAL YEAR PERIOD:

YES NO

If YES - Expected Completion Date: _____

SECTION III - SUBRECIPIENT SCHEDULE OF FEDERAL EXPENDITURES

CFDA Number	Granting Agency/Department	Grant Number	Expenditures
20.205	AOT	08126-CA0351	208,800
20.205	AOT	08100-CA0531	2725.00
14.228	Housing Comm. Develop.	07110-PG-2014-High	10,000
97.039	Public Safety	02140-34000-073	0.00
97.039	Public Safety	02140-34000-MC-038	0.00
45.310	Libraries	0180-NELA-LSTA168	215.00
Total			\$221,740

SECTION IV - SIGNATURE

I certify that, to the best of my knowledge, the above information is correct:

Name: Shelley Larache Title: Treasurer

Signature: Shelley Larache Date: 7/15/18

Phone: 802-8684697 x204 Email: slarache@highgatevt.org

(Phone and email will be used to contact you only if there are questions about this submission.)

Sample SAR, Single Audit Due

For Finance & Management Use Only: LI L2 DM Other

VISION Entry: _____

STATE OF VERMONT SUBRECIPIENT ANNUAL REPORT

As a condition of your federally funded grant award from the State of Vermont, you must complete this report in its entirety annually within forty-five (45) days after your fiscal year end. Please refer to the instructions on the reverse side of this document. You may also refer to the Grant Sub-Recipient FAQ page of the Department of Finance & Management website at <http://finance.vermont.gov>.

SECTION I - SUBRECIPIENT IDENTIFYING INFORMATION

FISCAL YEAR ENDING DATE: 6/30/2018 VENDOR NUMBER: 0000039921

SUBRECIPIENT NAME: Town of Bristol

ADDRESS: PO Box 249 Bristol, VT 05443

SECTION II - CERTIFICATION OF AUDIT REQUIREMENT

A SINGLE AUDIT IS REQUIRED FOR THE ABOVE FISCAL YEAR PERIOD:

YES NO

If YES - Expected Completion Date: March 31, 2019

SECTION III - SUBRECIPIENT SCHEDULE OF FEDERAL EXPENDITURES

CFDA Number	Granting Agency/Department	Grant Number	Expenditures
97.067	Public Safety	02140-77152-1741	12,543
93.092	Health	03420-64235	8,727
14.228	Housing & Comm Development	07110-PG-BRISTOL-00003	17,403
20.600	Transportation Agency	08100-GR1017	1,478
20.600	Transportation Agency	08100-GR1017	5,041
16.543	Office of Juvenile And Delinquency	2015-MC-FX-K040	1,235
20.205	Transportation Agency	08135-ER0118	52,702
10.780	USDA	Water System Improvement	746,544
Total			\$ 845,673

SECTION IV - SIGNATURE

I certify that, to the best of my knowledge, the above information is correct:

Name: Jen Myers Title: Town Treasurer

Signature: Jen Myers Date: 02/01/2019

Phone: 802-453-2410 Email: clerk@bristolvt.org

(Phone and email will be used to contact you only if there are questions about this submission.)

This form may be downloaded from <http://finance.vermont.gov> Form A&F-RR-003

Example of completed Schedule of Expenditures of Federal Awards:

- Coming Soon!

8. PRORATA SHARE AND SINGLE AUDIT COSTS REIMBURSEMENT:

How to be reimbursed for allowable Single Audit costs that were budgeted in a grant:

If an Auditee (Municipality/Grantee) is required to have a Single Audit and wishes to be reimbursed with CDBG funds for allowable Single Audit costs, the reimbursement is based on the budgeted amounts in the grant and a pro rata share of the total cost of the Single Audit. Refer to the grant agreement budget, General Administrative activity for the specific amount set aside for Single Audit reimbursement and what remains in the grant.

Process:

To be reimbursed a prorata share of the Single Audit costs for CDBG grant expenditures, the Auditee (Municipality/Grantee) must upload into the GEARS requisition page the following documentation for each grant:

1. an auditor's dated itemized invoice specifying total cost of completing the Single Audit for the Fiscal Year, ie FY17 with the total cost of the Single Audit;
2. the Grantee's dated invoice requesting a pro-rata share reimbursement based on expenditures for that relevant grant, using the Single Audit Pro Rata calculation
3. the Schedule of Expenditures of Federal Award/SEFA page for that fiscal year from the Single Audit.
4. Canceled check the Grantee used to pay the Single Audit bill.

Determining Single Audit SEFA Pro Rata Share & Calculation:

The Single Audit act allows a percentage of costs charged to a federal grant to equal the percentage that the federal grant funds expended relate to the total funds expended during their fiscal year.

This means a grantee can be reimbursed a proportional amount of the Single Audit costs for the CDBG grant expenditures during the Single Audit period based on the total amount of Federal funds being audited. The percentage of Single Audit costs charged to the grant cannot exceed the percentage of the CDBG funds expended by the grantee during the fiscal year. This is called a pro rata share.

Calculation =

Pro Rata Share Reimbursement % percentage = Grant expenditure amount reported on SEFA divided by Total SEFA expenditures amount reported.

Pro Rata Share Reimbursement Amount = Total cost of Single Audit multiplied by **Pro Rata Share Reimbursement \$ percentage**

EXAMPLE:

Grant #1 expended amount reported on SEFA = \$163,933

Total SEFA grant expended amount = \$816,659

Full Single Audit invoice cost = \$3,960

Pro Rata Share Reimbursement % percentage = Grant expenditure amount reported on SEFA of \$163,933 divided by Total SEFA expenditures amount reported of \$816,659 = 20%.

Pro Rata Share Reimbursement Amount = Total cost of Single Audit of \$3,960 multiplied by **Pro Rata Share Reimbursement \$ percentage of 20%** = **\$792**

- *The allowable amount for this scenario is 20% of the total bill or \$792*

*Contact Cassie Bell to verify this from the Schedule of Expenditures of Federal Awards (SEFA) for the Municipality's Single Audit for that year.

9. Best Practice Guidance & Contact Information

Vermont Agency of Commerce and Community Development, VT Community Development Program:

- General link: <https://accd.vermont.gov/community-development/funding-incentives/vcdp>
 - Site lists our upcoming **Grants Management Compliance Symposium: Oct 27, 2019**
- Grantee Guidance: <https://accd.vermont.gov/community-development/funding-incentives/vcdp/grantee-guidance>
- Single Audit Guidance: <https://accd.vermont.gov/sites/accdnew/files/documents/CD-VCDP-SingleAuditGuidance.pdf>

Vermont State Auditor: <https://auditor.vermont.gov/local>

Vermont State Finance and Management:

- State staff guidance: <https://finance.vermont.gov/policies-and-procedures/grant-guidelines-and-procedures>
- Grantee section: <https://finance.vermont.gov/suppliers-and-grantees>
 - Town Payment Reports by 6 month increment made by the State of Vermont: <https://finance.vermont.gov/reports-and-publications/town-payment-reports-and-data>
 - Grants Frequently Asked Questions: <https://finance.vermont.gov/training-and-support/faqs-and-glossaries/grants-faq#8>
- State of Vermont Subrecipient Contact List: https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Grants/FIN-B5_Dept_Contact_List.pdf
- State Bulletins:
 - 3.5 Procurement/Contracting Procedures: <https://aoa.vermont.gov/bulletins/3point5>
 - 5.0 Grants: https://aoa.vermont.gov/sites/aoa/files/Bulletins/Bulletin_5_eff12-26-14.pdf

Vermont League of Cities & Towns (VLCT), <https://www.vlct.org/>

- VLCT Handbook for Vermont Municipal Treasurers: http://waitsfieldvt.us/wp-content/uploads/2015/12/VLCT_Municipal_Treasurer_Handbook_2002.pdf
- VLCT Internal Financial Controls Checklist for Municipalities, Nov 2017: <https://www.vlct.org/resource/internal-financial-controls-checklist-municipalities>
- Chart of Incompatible Offices, revised June 2018: <https://www.vlct.org/sites/default/files/documents/Resource/Incompatible%20Offices%20Chart.pdf>

Vermont Municipal Clerks' and Treasurers' Association, <https://www.vmcta.org/>

- City of Rutland guidance: https://www.vmcta.org/index.asp?Type=B_BASIC&SEC={29DDE582-118D-40BD-8982-63CFA84E728E}&DE={BB732B92-A3C2-48B4-8CE4-81C8852D6DFB}
 - Grant Reporting Procedures
 - Internal Grant Reporting Form
 - Self-Assessment of Internal Controls
- Helpful Resources and Links for Treasurers: https://www.vmcta.org/index.asp?Type=B_BASIC&SEC={192E6A40-593E-489E-B15D-8BB2D7FB0B16}

Vermont Government Finance Officers Association: <http://www.vtgfoa.org/>

National Government Finance Officers Association, <https://gfoa.org/>

- Establishing an Effective Grants Policy: <https://www.gfoa.org/establishing-effective-grants-policy>
- Establishing a Grants Administration Oversight Committee: <https://www.gfoa.org/establishing-grants-administration-oversight-committee>

American Institute of Certified Public Accountants (AICPA), Governmental Audit Quality Center

- AICPA Auditee Practice Aids: Schedule of Expenditures of Federal Awards "Worksheet for Identifying Federal Program Information": https://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/SingleAudit/UniformGuidanceforFederalRewards/DownloadableDocuments/Auditee_Practice_Aids_SEFA_Uniform_Guidance.pdf
- AICPA Performing a Single Audit Under the Uniform Guidance? Key Matters to Understand and Tips for Enhancing Audit Quality. (2 pages)

<http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/SingleAudit/UniformGuidanceforFederalRewards/DownloadableDocuments/10ThingsAuditorsNeedtoKnowAbouttheUGFinal.pdf>

- AICPA Auditee Resource Center Article, Feb 2017: Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings (SSPAF) key points on Uniform Guidance (UG) requirements for Auditees:
 1. to prepare a CAP in a document separate from the auditor's Schedule of Findings and Questioned Costs (SFQC). The auditor's reference or summarizing the CAP does not meet Uniform Guidance requirements per section 200.511.
 2. To prepare a Summary Schedule of prior audit findings.
 3. Best practice for the Auditee is to place both the CAP and the SSPAF on their letterhead "to make clear to those reviewing reporting packages that the information on the CAP and SSPAF are prepared by the auditee" as required by the Uniform Guidance

<https://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/AuditeeResourceCenter/DownloadableDocuments/PracticleIssueNotedWithAuditeeCAPandSSPAF.pdf>

Association of Government Accountants (AGA) Intergov: <https://www.agacgfm.org/Tools-Resources/Intergov/Home.aspx>

- Subrecipient Monitoring and Self-Assessment Guide, Nov 2017. Consistent approach for pass-through entities to monitor a grant subrecipient's compliance with federal administrative requirements: https://www.agacgfm.org/AGA/Intergovernmental/documents/Collaboration-Series_Subrecipient-Monitoring.pdf
- Risk Assessment Monitoring Tool, Feb 2009. <https://www.agacgfm.org/Intergov/More-Tools/Risk-Assessment-Monitoring-Tool.aspx>

Governmental Accounting Standards Board, <https://www.gasb.org/home>

Journal of Accountancy:

- New GASB guide assists with implementation, May 2, 2019: <https://www.journalofaccountancy.com/news/2019/may/gasb-guide-assists-with-implementation-201921144.html>
- Yellow Book revisions update independence guidance, April 17, 2019: <https://www.journalofaccountancy.com/news/2019/apr/yellow-book-updates-independence-guidance-201919809.html>
- 11 Tips for Success with Single Audits, Nov 1, 2016: <http://www.journalofaccountancy.com/issues/2016/nov/single-audits.html>

Upcoming News:

- **Federal Government:** General Services Administration (GSA) announces that the DUNS number will be replaced in December 2020 by a new federal, nonproprietary unique entity identifier (UEI) for nonfederal entities. The 12 character UEI will be used to apply for federal grants, cooperative agreements and contracts.
 - July 2019 to December 2020, entities will continue to register in SAM.gov using the DUNS number whiles GSA assigns SAM-generated UEIs to all SAM records.
 - In December 2020, GSA will then transition all SAM-generated UEIs as the official identifiers, and existing DUNS numbers will still be retained for historical purposes.
 - In December 2020, entities will go to SAM.gov to request their UEI and register their entity, make any updates to their legal business name and physical address and access a single customer support helpdesk for all UEI and entity registration issues.

Questions:

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GEARS online grants system at: <https://egrants.vermont.gov>

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