



Agency of Commerce and Community Development
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VCDP new website link: <http://accd.vermont.gov/community-development/funding-incentives/vcdp>

802-828-5211
GEAR System login: <https://egrants.vermont.gov>
accd.vermont.gov

VT DHCD Grants Management: Federal Grant Funding Responsibilities & Single Audit Best Practice Guidance Overview of Audit Requirements for Community Development Block Grant (CDBG) Grantees (Jan 19, 2024)

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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**, May 03, 2021: https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.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.
- **ALN or Assistance Listing Number:** formerly known as **CFDA or Catalog of Federal Domestic Assistance:** Five-digit number assigned to grants funded by federal government; and the ALN Title identifies the federal program.
- **FAC or Federal Audit Clearinghouse:** web-based portal for subrecipients to submit the single audit reporting package, required by OMB Uniform Guidance. A UEI is required to file a Single Audit with the Federal Audit Clearinghouse.
- **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, or a Municipality to carry out part of a federal program; may also be a recipient of federal funds directly from a federal awarding agency.
- **Unique Entity ID (UEI on SAM):** Unique 12-character number used across the federal government and assigned to your organization by SAM.gov. Required by OMB, who uses this number to track how federal money is dispersed. As of April 4, 2022, federal government changed the unique identifier from DUNS number to Unique Entity ID (UEI).

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.

- **Subrecipient Annual Report (SAR):** Required as a subrecipient of federally funded grant award from the State of Vermont. Complete and submit online, within 45-days after subrecipient’s fiscal year end & report all expenditures of federal funds in the fiscal year for any open grants. The SAR indicates whether a Single Audit is required for a given fiscal year. SAR will reflect the ALN for each federal award and outline all expenditures in a given fiscal year.

2. Must Do & How To:

Obtain a SAM UEI Number:

How do I get a SAM Unique Entity ID (UEI) number? → Access: <https://sam.gov/content/duns-uei> UEI is a 12 character alphanumeric ID assigned to an entity by SAM.gov. Select Public view → **How long does this step usually take?** → 5 business days

Entity Registration with SAM.GOV – must be updated and renewed each year to remain “Active Registration”

How do I register with the System for Award Management (SAM) if I want to apply or bid directly for federal awards? Access: <https://sam.gov/content/entity-registration> You'll need the authorizing official of your organization (best practice: assign at least 2 people to Entity Administrator for backup to entity renewal), an Employer Identification Number (EIN) etc. And select Public view. → **How long does this step usually take?** → 10 business days

Submit Subrecipient Annual Report – annually when receiving any federal funds -*NOTE NEW ONLINE FORM AS OF 7/1/22

How do I submit an original or revised Subrecipient Annual Report to the State of Vermont? Due within 45 days after your fiscal year end. → Access: <https://finance.vermont.gov/suppliers-and-grantees> Select ‘Subrecipient Annual Report’ link and complete the online form → **How long does this step usually take?** → Varies: allow time to complete online form and submit.

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 9 months after end of the fiscal year. → Access: <https://www.fac.gov/resources/instructions/> and create an account if you are not already a current user in login.gov. *If due date falls on a Saturday, Sunday or Federal holiday, reporting package is due the next business day. Required components checklist for the Audit Package at: <https://facides.census.gov/Files/2019-2021%20Checklist%20Instructions%20and%20Form.pdf> → **How long does this step usually take?** → 5-7 business days (more if new account)

*New site as of Oct 2023

How to submit a Single Audit to State of VT granting agency whose funds we expended? Contact State of Vermont Department contacts at: → • https://finance.vermont.gov/sites/finance/files/documents/FIN-B5_Dept_Contact_List_01.19.2024.pdf → **How long does this step usually take?** → Varies: allow time to complete and email.

How to Submit a Single Audit to ACCD-DHCD Log onto GEARS at: <https://egrants.vermont.gov>, go to blue banner, Organization(s) → Organization Documents → scroll down to SA-2023-NAME-000XX → Due within 10 days of Single Audit Open status

A. Single Audit Plan for Single Audit: confirms understanding of Single Audit → A. **Single Audit Plan** Due within 10 days of Single Audit Open status. Change status to submit Plan → **When to submit Plan?** → B. **Single Audit Upload** Due within 30 days after Auditor’s Report or no later than 9 months after your fiscal year end. Change status to submit Single Audit → **When to submit Single Audit?** → 30 days after Auditor Report/9 months after fiscal end

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:** Are 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 review/approve payments; the individual who reconciles the bank statements does not sign checks; and that the municipality follows their warrant process for payment approval, typically the Selectboard.

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 compliant 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 Assistance Listing Number (ALN) (formerly 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.
- Summary Schedule of Prior Audit Findings (SSPAF)** To prepare a Summary Schedule of prior audit findings.
 - 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.
- 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
 - Providing the auditor with access to all relevant records to perform the audit
 - 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.**

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 #: XXXXXXXXXX | | ² Original <input type="checkbox"/> | Amendment # | | | | |
| ³ Grant Title: | | | | | | | |
| ⁴ Amount Previously Awarded: \$0.00 | | ⁵ Amount Awarded This Action: \$0.00 | | ⁶ Total Award Amount: \$0.00 | | | |
| ⁷ Award Start Date: | | ⁸ Award End Date: | | ⁹ Subrecipient Award: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> | | | |
| ¹⁰ Supplier #: | | ¹¹ Grantee Name: | | | | | |
| ¹² Grantee Address: | | | | | | | |
| ¹³ City: XXXXXXXXXX | | | ¹⁴ State: | | ¹⁵ Zip Code: | | |
| ¹⁶ State Granting Agency: DHCD | | | | ¹⁷ Business Unit: 0710 | | | |
| ¹⁸ Performance Measures: YES <input type="checkbox"/> NO <input type="checkbox"/> | | ¹⁹ Match/In-Kind: | | Description: | | | |
| 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 Identifier (UEI) #: | | ²² Indirect Rate: % | | ²³ FFATA: YES <input type="checkbox"/> NO <input type="checkbox"/> | | | |
| ²⁴ Grantee Fiscal Year End Month (MM format): | | (Approved rate or de minimis 10%) | | ²⁵ R&D: YES <input type="checkbox"/> NO <input type="checkbox"/> | | | |
| ²⁶ UEI Registered Name (if different than VISION Supplier Name in Row 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 | | | | |
| Special Fund | | | \$0.00 | | | | |
| Global Commitment (see subrecipient terms) | | | \$0.00 | | | | |
| Other State Funds | | | \$0.00 | | | | |
| FEDERAL FUNDS | | | | | | | |
| (Includes subrecipient Global Commitment funds) | | | | Required Federal Award Information | | | |
| ³¹ ALNR | ³² Program Title | ³³ Awarded Previously | ³⁴ Award This Action | ³⁵ Cumulative Award | ³⁶ FAIN | ³⁷ Fed Award Date | ³⁸ Total Federal Award |
| | | | | \$0.00 | | | |
| ³⁹ Federal Awarding Agency: | | ⁴⁰ Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| | | | | \$0.00 | | | |
| Federal Awarding Agency: | | Federal Award Project Descr: | | | | | |
| Total Awarded - All Funds | | \$0.00 | \$0.00 | \$0.00 | | | |
| SECTION IV - CONTACT INFORMATION | | | | | | | |
| ⁴¹ STATE GRANTING AGENCY | | | | ⁴² GRANTEE | | | |
| NAME: | | | | NAME: | | | |
| TITLE: | | | | TITLE: | | | |
| PHONE: | | | | PHONE: | | | |
| EMAIL: | | | | EMAIL: | | | |

Form Effective 12/26/2014
Revised: 1/8/2024

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 Table 1 below for the information needed to complete 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 (Department: ACCD – Department of Housing & Community Development | |
| 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 expended Funds | Grantee/Auditee's Financial records of expenditures |
| a. 'individual Federal program name' | Section III: #32 Program Title: Community Development Block Grant (CDBG), | |
| b. 'the ALN/CFDA number' | Section III: #31 ALN #: 14.228 (CDBG) 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. Examples: Federal Grant Tracking and Single Audit's Schedule of Expenditures of Federal Awards

a. Federal Grant Single Audit Tracking:

| A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|---|---|--------------------|--|-----------------------------------|-------------|----------------------------------|--|--|----------------------------------|---------------------------------|----------------------|---------------------------------|---------------------|
| 1 | REQUIRED SEFA FIELDS: Information found on State of Vermont Grant Agreement Part 1, numbers listed below: | | | | | | | Additional Columns you might find helpful to track | | | | | |
| 2 | #39 | #9 | #16 | #32 | #31 | #1 | | | #6 | #19 | | #3 | #7 & #8 |
| 3 | 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 |
| 4 | 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 | \$0 | \$43,000 | \$ 92,734 | \$ 27,816 | \$ 120,550 | ADA Mods to Munic Offices | 11/20/18-6/30/2020 |
| 5 | United States Department of Homeland Security (DHS) | yes | VT Department of Public Safety | Hazard Mitigation Grant | 97.039 | 02140-34000-157 | \$0 | \$23,546 | \$ 47,250 | \$ 2,750 | \$ 50,000 | HMGP DR-4022 | 5/24/12-5/2/2021 |
| 5 | United States Department of Transportation (DOT) | yes | VT Agency of Transportation | Highway Planning and Construction | 20.205 | 08100-CA0531 | \$0 | \$700,000 | \$734,800.00 | \$183,000 | \$900,000.00 | STP MM18 (Machia Road Slide) | 1/1/2018-12/31/2022 |
| 7 | 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 |
| 8 | 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 | \$0 | \$25,000 | \$ 45,000 | \$ 15,000 | \$ 60,000 | Industrial Devel Waterline Ext. | 11/20/18-6/30/2020 |
| 9 | | | | | | | \$74,971 | \$866,517 | \$ 1,554,784 | \$ 26,518,016 | \$ 28,054,995 | | |

b. Example of completed Single Audit's Schedule of Expenditures of Federal Awards:

CITY OF ST. ALBANS, VERMONT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| 1. Federal Agency Cluster Pass-through Agency Program Title | 36 Federal CFDA Number | 26 Pass Through Identifying Number | 3 Federal Expenditures | 4 Passed Through to Subrecipient |
|---|------------------------|------------------------------------|------------------------|----------------------------------|
| U.S. Department of Agriculture Direct Federal Program Water and Waste Disposal Systems for Rural Communities (USDA Loan) | 10.760 | N/A | 3,825,055 | - |
| Total U.S. Department of Agriculture | | | 3,825,055 | - |
| 1. U.S. Department of Housing and Urban Development Passed Through Vermont Department of Housing and Community Development | | | | |
| Community Development Block Grants/Entitlement Grants | 14.228 | 07110-PG-2018-STALBANS | 19,124 | 19,124 |
| Community Development Block Grants/Entitlement Grants | 14.228 | 07110-SS-2017-S.ALBACITY | 299,647 | 299,647 |
| Total U.S. Department of Housing and Urban Development | | | 318,771 | 318,771 |

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. **General Administration dollars only are eligible for Prorata Share of Auditee costs**
2. *An auditor's dated itemized invoice specifying total cost of completing the Single Audit for the Fiscal Year, i.e., FY17 with the total cost of the Single Audit.*
3. *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*
4. *The Schedule of Expenditures of Federal Award/SEFA page for that fiscal year from the Single Audit.*
5. *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 **ACCD Grants Management Analyst** Cassie Bell to verify this from the Schedule of Expenditures of Federal Awards (SEFA) for the Municipality's Single Audit for that year.

9. Municipal Financial Management Policies & Procedures

a. What are written and adopted Municipal Financial Management Policies & Procedures?

Answer:

1. 'Adopted' means the governing body of the Municipality takes formal action with a majority vote at a duly noticed meeting under the Open Meeting Law (1 V.S.A. 310 et seq)
2. 'Evidence of Written' means the adopted document is signed by the governing body
3. 'Financial Management policies and procedures' include, but not limited to:
 - General Fund reserves,
 - Grants – administration, process & policy
 - Accounting & Financial reporting,
 - Risk management
 - Internal controls,
 - Procurement & purchasing,
 - Capital assets,
 - Fund balance
 - Investment/finance policy
4. When uploading the Municipal Financial Management Policies and Procedures, feel free to scan as one document and then upload into the Municipal Page in GEARS.
5. A good resource for model municipal financial policies and internal controls is the Vermont League of Cities and Towns <https://www.vlct.org/resource/model-municipal-financial-policies>. Website login is necessary – for assistance, contact VLCT at info@VLCT.org or <https://www.vlct.org/login>.

b. Why Adopt Municipal Financial Policies?

Answer: The Government Finance Officers Association (GFOA) states 'Governments should formally adopt financial policies as they are central to a 'strategic, long-term approach to financial management.'
<https://www.gfoa.org/materials/adopting-financial-policies>

A good resource for model municipal financial policies and internal controls is the Vermont League of Cities and Towns <https://www.vlct.org/resource/model-municipal-financial-policies>. Website login is necessary – for assistance, contact VLCT at info@VLCT.org or <https://www.vlct.org/login>.

10. 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>
- Grantee Guidance: <https://accd.vermont.gov/community-development/funding-incentives/vcdp/grantee-guidance>
- Single Audit Guidance: <https://accd.vermont.gov/community-development/funding-incentives/vcdp/grantee-guidance>

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

- **Uniform Guidance:** A link to the electronic code of federal regulations: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Vermont State Finance and Management:

State of Vermont, Agency of Administration policy for Grant Issuance and Monitoring Bulletin 5: 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
- **Grant Guidelines and Procedures:** <https://finance.vermont.gov/policies-and-procedures/grant-guidelines-and-procedures>
- **State of Vermont Town Payment Reports & Data:** <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>
- **Grantee Supplier ID:** (Example supplier ID: 00000402458) If you are not sure what your number is, you can find this ahead of time on your grant agreement, part 1 award detail, or by generating your Town's report at: <https://finance.vermont.gov/reports-and-publications/town-payment-reports-and-data>

Vermont Office of State Treasurer:

- **Vermont Vendor payment portal:** This site will allow you to print out a pay advice for electronic deposits you receive from the State of Vermont. <https://secure.vermonttreasurer.gov/PaymentInformationPortal/>

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

- A good resource for model municipal financial policies and internal controls is the Vermont League of Cities and Towns <https://www.vlct.org/resource/model-municipal-financial-policies>. Website login is necessary – for assistance, contact VLCT at info@VLCT.org or <https://www.vlct.org/login>

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-8BB2D7F0B16}

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/materials/establishing-an-effective-grants-policy>
- Establishing a Grants Administration Oversight Committee: <https://www.gfoa.org/materials/establishing-a-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://us.aicpa.org/content/dam/aicpa/interestareas/governmentalauditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/auditee_practice_aids_sefa_uniform_guidance.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

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

Questions:

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