State of Vermont Agency of Natural Resources Department of Environmental Conservation

Financial Procedure:	Single Audit Review	Effective Date:	3/15/2020
Applicable To:	Department of Environmental Conservation	Revision Date:	7/1/2020
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Procedure Objective

To detail the procedures used by the Department of Environmental Conservation (DEC) when reviewing subrecipient Single Audits in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F- Audit Requirements.

Impacted Departments or Divisions

Although led by the DEC's Administration and Innovation Division (AID), entities deemed to be out of compliance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F may adversely affect all Programs within the DEC.

Resources Required

State of Vermont's VISION System, specifically the Grant Tracking WorkCenter

- VISION Query access.
- Microsoft Excel
- Federal Audit Clearing (FAC) House
 https://harvester.census.gov/facdissem/Main.aspx
 DEC's Y drive specifically the folders located on: Y:\DEC_AID\Finance\Grants
 Management Specialist Resources \Monitoring \Single Audit Review

Documents utilized include:

- VT DEC Single Audit Compliance checklist located:
 - Y:\DEC_AID\Finance\Grants Management Specialist Resources\Monitoring\Single Audit Review\Single Audit Review Templates
- SOV Single Audit Contact List compiled by the Department of Finance & Management located:
 - https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Grants/FIN-B5 Dept Contact List.pdf
- Single Audit Request for Inputs Notification SOV Secondary Pass-Through Entity located:
 - Y:\DEC_AID\Finance\Grants Management Specialist Resources\Monitoring\Single Audit Review\Single Audit Review Templates
- Single Audit Requirement Reminder Notification- Entity located:
 - Y:\DEC_AID\Finance\Grants Management Specialist Resources\Monitoring\Single Audit Review\Single Audit Review Templates
- Management Decision Letter Template located:
 - Y:\DEC_AID\Finance\Grants Management Specialist
 Resources\Monitoring\Single Audit Review\Single Audit Review
 Templates
- Quarterly Single Audit Tracker located:
 - Y:\DEC_AID\Finance\Grants Management Specialist Resources\Monitoring\Single Audit Review\Quarterly Vision Reports under FY19.

Governing Documents

- Agency of Administration Bulletin 5 Policy for Grant Issuance and Monitoring, Section VIII.E Review of Single Audit Reports
 Agency of Administration Bulletin 5, Procedure #2: Single Audit Review which can be found on: https://finance.vermont.gov/policies-and-procedures/grant-guidelines-and-procedures. This document outlines the procedure to be used by the State when reviewing Single Audit Reports in accordance with Vermont Agency of Administration Bulletin 5, Section VIII.E (Bulletin 5) and 2 CFR Chapter I, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F (Uniform Guidance)
- <u>2 CFR Chapter I, Chapter II, Part 200</u> *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F.

Timeline/Frequency

Where DEC is the "primary", we will send a *Single Audit Request for Inputs Notification*– *SOV Secondary Pass-Through Entity* letter or email/notification, via electronic

correspondence to any State of Vermont Agency/Department designated as "secondary". This letter/notification will be sent on the date the subrecipient's Single Audit is received by DEC or within that week and will request inputs from the "secondary" to be received within 45 calendar days. The specific State employee(s) responsible for Single Audits outside of DEC can be identified using the Agency/Department Subrecipient Contact list. DEC will provide a Management Decision Letter (MDL) or CAP to the subrecipient within 60 days of receipt of the subrecipient's Single Audit.

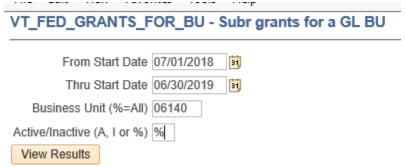
Quarterly, the DEC will send out a *Single Audit Reporting Requirement Reminder Notification* letter/notification, via email to all entities meeting the threshold to complete a Single Audit within the next nine months. If a subrecipient requires a Single Audit, and the Single Audit is not available in FAC, the DEC will send an email to the subrecipient's primary contact three (3) months in advance of its due date notifying the subrecipient of the deadline. This email will state that not meeting the Single Audit requirement deadline (9 months after the subrecipient's fiscal year end) could trigger sanctions which may include being placed on the DEC Exclusions List resulting in the withholding of DEC future payments or refusal to make additional DEC awards.

Correspondence regarding outstanding audits or forthcoming audit deadlines will be sent quarterly via email to each subrecipient. The DEC will document the date the email was sent in the Quarterly Single Audit Tracker.

Data Requirements

On a quarterly basis, the DEC will run the following reports from VISION to identify the subrecipients to which the DEC is "primary"; which Single Audits the DEC is "secondary", and where the DEC is "primary, which subrecipients are delinquent in submitting their Single Audits.

VT_FED_GRANTS_FOR_BU to be run in Excel Format – query to determine secondaries.



• VT_PRIMARY_SINGLE_AUD_REQD- This report will tell us who requires a Single Audit and it will identify DEC as the Primary.

VT_PRIMARY_SINGLE_AUD_REQD - Primary w/ single audit

Business Unit (% for All) 06140
Fiscal Year 2019
View Results

VT_AUDIT_REVIEW_NOT_FINISHED-single audit review not complete- This report will identify the Single Audits that have not been finalized with the DEC as primary. Allowing us to follow up and finalize.

VT_AUDIT_REVIEW_NOT_FINISHED - single aud review not complete Fiscal Year (% = All) 2019 Business Unit (% = All) 06140 View Results

• VT_FED_GRNT_AWRD_VND_BU- This report will give you a list of all the grants that we have that are active and inactive and their CFDA. We will run this report and place it in a separate tab in the Quarterly Single Audit Tracker Table.

VT_FED_GRANT_AWARD_VENDOR - Federal grants for a vendor # From Start Date 07/01/2018 19 Thru Start Date 065/30/201 19 Vendor ID (%=All) % Active/Inactive (A, I, %) % View Results

Single Audit Process

Subrecipients that require a Single Audit must have the audit completed within nine months of the end of their fiscal year end month. For subrecipients to which the DEC is a "primary" pass-through entity, the DEC will:

- 1. Run the VISION Query reports described above under Data Requirements
- 2. Where DEC is the "secondary" DEC will reach out to the Department's designated "primary" using the Subrecipient Contact List, which can be found on:
 - https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Grants/FIN-B5_Dept_Contact_List.pdf, in order to request a copy of the entity's Single Audit if it is not available in FAC.
- 3. Obtain a copy of the subrecipient's Single Audit via the FAC or via emailing the subrecipient and requesting a copy. Once the Single Audit is received, the audit will be kept in the subrecipient's folder in the Y: Drive under:

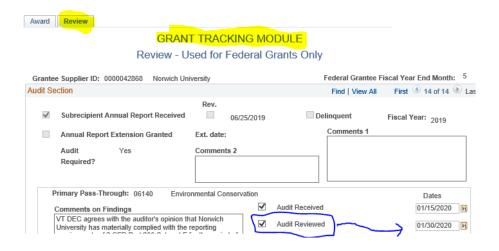
Y:\DEC_AID\Finance\Grants Management Specialist

Resources\Monitoring\Single Audit Review\Single Audit Compliance Reviews. If a folder for that entity does not exist, the GMS will create one. The location on the Y drive is where these files should be stored.

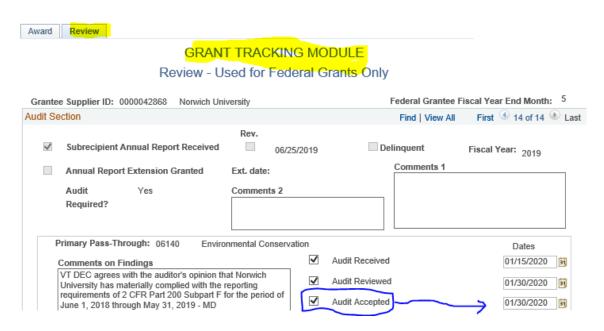
- a. Y:\DEC_AID\Finance\Grants Management Specialist
 Resources\Monitoring\Single Audit Review\Single Audit Compliance
 Reviews
- 4. Update VISION's Grant Tracking Module in VISION's WorkCenter under the entity's "Review" Tab for the subrecipient with the date the "Audit Received".



- 5. Using the Single Audit Request for Inputs Notification SOV Secondary Pass-Through Entity template email; send an email notification to all and any "secondary" State of Vermont pass-through entities, requesting their inputs on the Single Audit within 45 days.
- 6. Review the subrecipient's Single Audit and complete the following:
 - ➤ VTDEC Single Audit Compliance checklist found in: Y:\DEC_AID\Finance\Grants Management Specialist Resources\Monitoring\Single Audit Review folder
 - ➤ If Primary, start drafting the Management Decision Letter for the entity
- 7. Update VISION's Grant Tracking Module in the VISION WorkCenter "Review" Tab for the subrecipient with the date entered in "Audit Reviewed"



8. Update VISION's Grant Tracking Module in the VISION WorkCenter and add the date under "Audit Accepted" if there are no issues with the content of the Single Audit and after confirming feedback from other Departments or Agencies.



If you have any feedback from other secondaries, DEC will incorporate any feedback provided by the "secondary" pass-through entities within 45 days from the date the *Single Audit Request for Inputs Notification – SOV Secondary Pass-Through Entity* letter was sent into the DEC's Management Decision letter, or CAP.

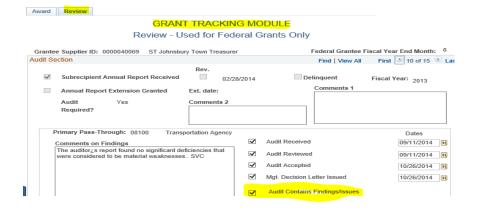
DEC may request a response from the subrecipient as to how the findings and/or questioned costs were addressed and (if necessary) corrected. All requests will be in writing to the subrecipient and will require them to send copies of the CAP to the "primary" and all "secondary" pass-through entities.

- 9. Issue the Management Decision¹ Letter (MDL) if there are no findings on the DEC's programs or issue a CAP if there are findings to DEC's program and/or if the "secondary" provides inputs concerning findings to their programs.
- 10. Update VISION's Grant Tracking Module in VISION WorkCenter "Review" Tab for the subrecipient with the date the "Management Decision Letter was issued" as well as, the "Comments on Findings" box under Primary Pass-Through.

¹ In accordance with all federal and state regulations, the DEC must address any issues as appropriate and issue the Management Decision Letter on audit findings within six months after receipt of the subrecipient's audit report



- 11. DEC will also update the Quarterly Single Audit Tracker with the data required as each Single Audit is Reviewed, and MDL's are issued.
- 12. If there are findings or issues identified DEC will issue the Management Decision² Letter (MDL) with the appropriate information requesting a CAP or clarification (if appropriate) and the DEC MDL will include, if all possible all "secondary" inputs concerning findings to their programs as provided by the secondary.
- 13. Update VISION's Grant Tracking Module in VISION WorkCenter "Review" Tab for the subrecipient by ticking the box, "Audit Contains Findings/Issues"



Monitoring Corrective Action (CAP)

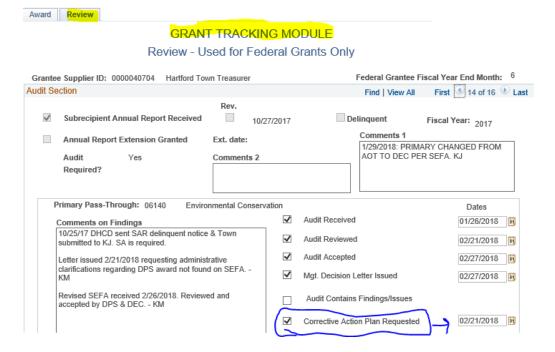
Corrective Action Plans (CAP) requested and received should be reviewed and saved with the Single Audit in the Y drive at:

Y:\DEC_AID\Finance\Grants Management Specialist

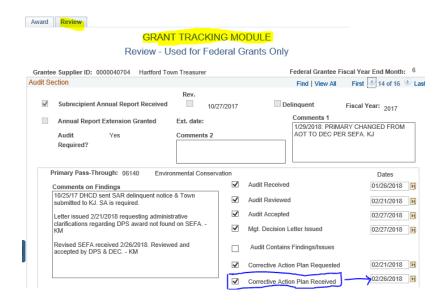
Resources\Monitoring\Single Audit Review\Single Audit Compliance Reviews under that subrecipients file.

Update VISION's Grant Tracking Module in VISION WorkCenter "Review" Tab for the subrecipient by adding a date in the box, "Corrective Action Plan Requested"

² In accordance with all federal and state regulations, the DEC must address any issues as appropriate and issue the Management Decision Letter on audit findings within six months after receipt of the subrecipient's audit report



- 1. If a CAP is deemed incomplete or inadequate by the DEC as a "secondary" pass-through entity, we will contact the "primary" within fifteen (15) business days to request follow-up information.
- 2. If the only follow-up necessary pertains to the "secondary" pass-through entity's programs, it is acceptable for the "primary" and "secondary" to mutually agree to allow the "secondary" to contact the subrecipient directly. However, all communication with the subrecipient should be in writing and filed in the official monitoring file with the "primary" pass-through.
- 3. Update Vision Grant Tracking Module marking receipt of Corrected Action Plan.



Sanctions

- 1. Where applicable, if requests for information, including Subrecipient Annual Report, Single Audit Report, CAPs and/or Progress Reports related to CAPs are not submitted by the subrecipient within forty-five (45) days, possible sanctions could include:
 - a) Withholding of future payments
 - b) Refuse to enter into any new awards on future requests for funding
 - c) Entity added to the DEC Exclusions List
 - d) Take legal action if necessary (with guidance from General Counsel)

Notices

- These procedures are intended to support the Agency of Natural Resources internal control environment.
- In consideration of these procedures, the objective should be on adherence and not on rationalizing ways and means for circumvention.
- Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations.
- State of Vermont agencies are not required to review or comment on findings contained in the report related to programs not passed through the State of Vermont.