

## MEMORANDUM

**TO:** VSCS Audit Committee  
Sue Zeller, Chair  
David Silverman, Vice-Chair  
Dylan Giambatista  
Mary Moran  
Shawn Tester

**FROM:** Sharron R. Scott, Chief Financial and Operating Officer

**DATE:** February 3, 2022

**SUBJECT:** Audit Committee Meeting scheduled for February 7, 2022

The Audit Committee of the VSC Board of Trustees will meet between 1:00 and 2:00 p.m. on Monday, February 7, 2022. This meeting will be held via zoom.

In addition to review and approval of the minutes of the meeting of October 18, 2021, there are three primary topics on the agenda.

1. Kieth Goldie and Chris Evans of O'Connor and Drew, P.C., will join the committee to present the recently completed audit work for the **Draft 2021 Uniform Guidance Single Audit Report and Single Audit Corrective Action Plan**. You will find a copy of the draft audit report in your packet as **ITEM 2**. Resolution 2022-001 approving the audit is available as **ITEM 3** in your packet of materials.
2. Toby Stewart, VSC System Controller, will offer a **progress update on the FY2021 Internal Audit of Payroll and Benefits**. A copy of the internal audit recommendations, management's responses and current progress is available in your packet as **ITEM 4**.
3. A robust internal audit function is important to a well-functioning organization. A good internal audit is designed to evaluate and improve the effectiveness of risk management, control and governance processes, as well as add value by improving an organization's operations.

This year, the Vermont State Colleges proposes conducting an **internal audit on the VSC's use and compliance of its Chart of Accounts**. As proposed, this audit will assist

management with the assessment of the adequacy of the existing Chart of Accounts and the Vermont State Colleges System's compliance with National Association of College and University Business Officer (NACUBO) Financial Accounting and Reporting Manual (FARM) and position the VSCS well for transformation. A copy of the proposed FY22 Internal Audit Plan – Chart of Accounts is available as **ITEM 5** of your agenda.

Should you have any questions regarding these materials, or any other matter, please contact me at [Sharron.Scott@vsc.edu](mailto:Sharron.Scott@vsc.edu) or 802.224.3022.

CC:           VSCS Board of Trustees  
              Council of Presidents  
              Business Affairs Council

## Vermont State Colleges Board of Trustees Audit Committee Meeting

February 7, 2022  
1:00 p.m. – 2:00 p.m. via Zoom

### AGENDA

1. Call to Order
2. Review Minutes of the October 18, 2021 Meeting of the Audit Committee
3. Review and Approval of *FY2021 Uniform Guidance Single Audit*
  - a. Presentation of Uniform Guidance Single Audit with O'Connor & Drew
  - b. Resolution Approving Uniform Guidance Single Audit
4. Progress Update on *FY2021 Internal Audit of Payroll & Benefits*
5. Review and Approval of *FY2022 Internal Audit Plan – Chart of Accounts*
6. Other Business
7. Public Comment
8. Adjourn

# Materials

- ITEM 1:** Minutes of the October 18, 2021 Audit Committee Meeting
- ITEM 2:** FY2021 Draft Uniform Guidance Single Audit and Corrective Action Plan
- ITEM 3:** Resolution 2022-001 FY2021 Uniform Guidance Single Audit Acceptance
- ITEM 4:** Progress Update on Payroll & Benefits Audit
- ITEM 5:** FY22 Internal Audit Plan – Chart of Accounts

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**ITEM 1: Minutes of the October 18 Meeting**

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**Minutes of the VSC Board of Trustees Audit Committee hybrid meeting held Monday, October 18, 2021 at 1:00 p.m. via ZOOM and at the Office of the Chancellor, 575 Stone Cutters Way, Montpelier - UNAPPROVED**

*Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.*

The Vermont State Colleges Board of Trustees Audit Committee met on October 18, 2021, via Zoom

Committee members present: Sue Zeller (Chair), David Silverman (Vice Chair), Dylan Giambatista, Mary Moran, Shawn Tester

Other Trustees Present: Ryan Cooney, Lynn Dickinson,

Presidents: Joyce Judy, John Mills, Pat Moulton

Chancellor's Office Staff: Danny Bazluke, Network/Security Analyst  
Kellie Campbell, Chief Information Officer  
Katherine Levasseur, Director of Governmental & External Affairs  
Katrina Meigs, System Director of HR & Benefits Administration  
Jen Porrier, Administrative Director  
Kathryn Santiago, Assistant General Counsel  
Sharron Scott, Chief Financial/Operating Officer  
Toby Stewart, System Controller  
Patty Turley, General Counsel  
Meg Walz, Program Manager, Library Coordinator  
Sophie Zdatny, Chancellor  
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Roy Brock, Dean of Administration, Northern Vermont University  
Sarah Chambers, Coordinator of Instructional Technology, Castleton University  
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University  
Andy Pallito, Dean of Administration, Community College of Vermont  
Dannielle Spring, Chief Budget & Finance Officer, Northern Vermont University

Littleton Tyler, Dean of Administration, Vermont Technical College

From the Public: Katy Balukas, Senior Partner, BerryDunn  
Kieth Goldie, Partner, O'Connor & Drew  
Rob Smalley, Principal, BerryDunn

Chair Zeller called the meeting to order at 1:01 p.m.

1. Approval of the Minutes of the April 19, 2021 Meeting of the Audit Committee

**Trustee Silverman moved and Trustee Moran seconded the motion to approve the April 19, 2021 meeting minutes. The motion was approved unanimously.**

2. Review and Approval of FY2021 Draft Audited Financial Statements

- a. Presentation of Financial Statements and Discussion with O'Connor & Drew
- b. Possible Executive Session with O'Connor & Drew

Chief Financial and Operating Officer Sharron Scott introduced Kieth Goldie, Principal Partner at O'Connor & Drew, the external auditors for the VSCS. Mr. Goldie presented the FY2021 Draft Audited Financial Statements which can be found [here](#) on pages 11-98.

Executive Session:

**At 1:46pm. Trustee Tester moved that the Audit Committee of the VSC Board of Trustees enter executive session, pursuant to 1 V.S.A. § 313(a)(3), for the purpose of evaluating public officers or employees, consistent with Government Auditing Standards. Along with the members of the Audit Committee, and other members of the Board of Trustees present, the Committee invited Kieth Goldie from the firm O'Connor & Drew, P.C. to attend. Trustee Giambatista seconded the motion and it passed unanimously.**

The Committee exited executive session at 1:54 p.m.

**Trustee Giambatista moved and Trustee Silverman seconded the motion to recommend to the Board the approval of Resolution 2021-023 Acceptance of the FY2021 Audited Financial Statements. The motion was approved unanimously.**

3. Review and approval of FY2021 Internal Audit of Payroll & Benefits

- a. Presentation of Internal Audit of Payroll and Benefits with BerryDunn

CFOO Scott introduced Robert Smalley and Katy Balukas, both C.P.A.s from BerryDunn, the external auditors hired by the VSC to gain an independent perspective on areas of improvement

regarding our payroll and benefits system. They shared a presentation on the Payroll and Benefits Internal Audit Report for the VSCS including the project overview and opportunities for improvement which can be found [here](#) on pages 101-130.

**Trustee Moran moved and Trustee Tester seconded the motion to recommend to the Board the approval of the Payroll and Benefits Internal Audit Report. The motion was approved unanimously.**

4. Other Business

General Counsel Patty Turley provided an update on reports received, via the VSC's whistleblower hotline, over the past year. The EthicsPoint hotline provides faculty, staff and students, as well as external individuals, an avenue to submit anonymous reports of alleged misconduct.

5. Public Comment

There was no public comment.

6. Adjourn

Chair Zeller adjourned the meeting at 2:25 p.m.



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**ITEM 2:       FY2021 Draft Uniform Guidance Single Audit  
                  and Corrective Action Plan**

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Post completion and approval of the FY2021 financial audit, the Vermont State Colleges were required by the State of Vermont, as part of their “FEMA First” program, to apply for Federal Emergency Management Agency (FEMA) funds to cover certain expenses related to the pandemic, including such items as COVID testing.

This winter the Vermont State Colleges received approval of these funds, of which approximately \$900,000 were expended in FY2021. Due to FEMA regulations, the Vermont State Colleges are required to report the receipt of these funds in the year received. Therefore, the reader should be aware that there is a mismatch of approximately \$900,000 between the Financial Statements produced and approved on October 18, 2021 by the Finance and Facilities Committee and the Uniform Guidance Single Audit presented in this packet.

O’Connor and Drew, our external auditors, has assured the Vermont State Colleges that the receipt of these funds, and description in the accompanying Uniform Guidance Single Audit does not present an issue of materiality.

# **VERMONT STATE COLLEGES**

**(a Component Unit of the State of Vermont)**

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## **INDEPENDENT AUDITORS' REPORTS AS REQUIRED BY THE UNIFORM GUIDANCE AND *GOVERNMENT AUDITING STANDARDS* AND RELATED INFORMATION**

**JUNE 30, 2021**

**VERMONT STATE COLLEGES**  
(a Component Unit of the State of Vermont)

**Independent Auditors' Reports as Required by the Uniform Guidance and  
*Government Auditing Standards* and Related Information**

**June 30, 2021**

**C O N T E N T S**

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|  |       |
|--|-------|
| <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>      | 1-3   |
| <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> | 4-5   |
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| <b>Required Auditee Information:</b>   |       |
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## **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**

To the Board of Trustees of  
Vermont State Colleges  
Montpelier, Vermont

### **Report on Compliance for Each Major Federal Program**

We have audited Vermont State Colleges' (a Component unit of the State of Vermont) (the "Colleges") 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 College's major federal programs for the year ended June 30, 2021. The Colleges major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the College'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* (the "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 Colleges' 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 Colleges' compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Colleges 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 major federal programs 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 Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The Colleges' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Colleges' 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 Colleges 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 Colleges' 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 Colleges' internal control over compliance.

*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 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Management's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Colleges' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Colleges, as of and for the year ended June 30, 2021. We issued our report thereon dated October 25, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. 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 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.

### **Certified Public Accountants Braintree, Massachusetts**

October 25, 2021

(except for the Schedule of Expenditures of Federal Awards; for which the date is **DATE**)

## **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***

To the Board of Trustees of  
Vermont State Colleges  
Montpelier, Vermont

We have audited, in accordance with 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 Vermont State Colleges (the "Colleges") which comprise the statement of net position as of June 30, 2021, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements and have issued our report thereon dated October 25, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Colleges' internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colleges' internal controls. Accordingly, we do not express an opinion on the effectiveness of the Colleges' internal controls.

*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. 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.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Colleges' 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*.

### **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 Colleges' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colleges internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants**  
**Braintree, Massachusetts**

October 25, 2021

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

DRAFT

**VERMONT STATE COLLEGES**  
 (a Component Unit of the State of Vermont)

**Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2021

|  | Assistance Listing<br>Number | Pass-Through Entity                       | Pass-Through Entity<br>Award Number | Total             | Total<br>Amounts to<br>Sub-recipients |
|--|------------------------------|---|-------------------------------------|-------------------|---------------------------------------|
| <b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>                                    |                              |   |                                     |                   |                                       |
| <b>U.S. Department of Education:</b>   |                              |   |                                     |                   |                                       |
| <b>Direct Awards:</b>  |                              |   |                                     |                   |                                       |
| Federal Supplemental Educational Opportunity Grant                             | 84.007                       | N/A                                       | N/A                                 | \$ 1,113,157      | \$ -                                  |
| Federal Work-Study Program   | 84.033                       | N/A                                       | N/A                                 | 1,505,563         | -                                     |
| Federal Perkins Loan Program (beginning of year)                               | 84.038                       | N/A                                       | N/A                                 | 3,488,786         | -                                     |
| Federal Perkins Loan Program (current year expenditures)                       | 84.038                       | N/A                                       | N/A                                 | -                 | -                                     |
| Federal Direct Student Loans   | 84.268                       | N/A                                       | N/A                                 | 29,092,895        | -                                     |
| Federal Pell Grant Program   | 84.063                       | N/A                                       | N/A                                 | 13,446,712        | -                                     |
| Total Student Financial Assistance Cluster                                     |                              |   |                                     | <u>48,647,113</u> | <u>-</u>                              |
| <b>TRIO CLUSTER</b>  |                              |   |                                     |                   |                                       |
| <b>U.S. Department of Education:</b>   |                              |   |                                     |                   |                                       |
| <b>Direct Awards:</b>  |                              |   |                                     |                   |                                       |
| TRIO Student Support Services  | 84.042A                      | N/A                                       | N/A                                 | 1,501,539         | -                                     |
| TRIO Upward Bound  | 84.047A                      | N/A                                       | N/A                                 | 1,203,184         | -                                     |
| TRIO Upward Bound NY   | 84.047M                      | N/A                                       | N/A                                 | 312,234           | -                                     |
| TRIO McNair  | 84.217A                      | N/A                                       | N/A                                 | 246,352           | -                                     |
| Total TRIO Cluster   |                              |   |                                     | <u>3,263,309</u>  | <u>-</u>                              |
| <b>RESEARCH AND DEVELOPMENT CLUSTER</b>  |                              |   |                                     |                   |                                       |
| <b>National Aeronautics and Space Administration:</b>                          |                              |   |                                     |                   |                                       |
| <b>Passthrough Awards:</b>   |                              |   |                                     |                   |                                       |
| Science - National Space Grant College and Fellowship Program                  | 43.001                       | University of Vermont                     | AWD00000100SUB00000078              | 9,006             | -                                     |
| Experimental Program to Stimulate Competitive Research - Cubesat               | 43.008                       | University of Vermont                     | 33451 SUB00000147                   | 19,093            | -                                     |
| Subtotal - Passthrough Awards  |                              |   |                                     | <u>28,099</u>     | <u>-</u>                              |
| <b>National Science Foundation:</b>  |                              |   |                                     |                   |                                       |
| <b>Direct Awards:</b>  |                              |   |                                     |                   |                                       |
| Geosciences  | 47.050                       | N/A                                       | N/A                                 | 33,418            | -                                     |
| <b>Passthrough Awards:</b>   |                              |   |                                     |                   |                                       |
| Experimental Program to Stimulate Competitive Research                         | 47.073                       | University of Vermont                     | 30373SUB52050                       | 11,303            | -                                     |
| Experimental Program to Stimulate Competitive Research                         | 47.073                       | University of Vermont                     | 30373SUB52051                       | 13,177            | -                                     |
| Biomedical Research and Research Training                                      | 93.859                       | University of Vermont                     | 29252SUB51796                       | 101,597           | -                                     |
| Biomedical Research and Research Training                                      | 93.859                       | University of Vermont                     | 2P20GM103449-19                     | 118,196           | -                                     |
| Subtotal - Passthrough Awards  |                              |   |                                     | <u>244,273</u>    | <u>-</u>                              |
| Total Research and Development Cluster   |                              |   |                                     | <u>305,790</u>    | <u>-</u>                              |
| <b>477 CLUSTER</b>   |                              |   |                                     |                   |                                       |
| <b>U.S. Department of Health and Human Services:</b>                           |                              |   |                                     |                   |                                       |
| <b>Passthrough Awards:</b>   |                              |   |                                     |                   |                                       |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.575                       | Vermont Department of Children & Families | 03440-44001-18ECPDS                 | 1,241,518         | -                                     |

**VERMONT STATE COLLEGES**  
 (a Component Unit of the State of Vermont)

**Schedule of Expenditures of Federal Awards - Continued**

Year Ended June 30, 2021

|   | Assistance Listing<br>Number | Pass-Through Entity                    | Pass-Through Entity<br>Award Number | Total            | Total<br>Amounts to<br>Sub-recipients |
|---|------------------------------|--|-------------------------------------|------------------|---------------------------------------|
| <b>MEDICAID CLUSTER</b>   |                              |  |                                     |                  |                                       |
| <b>U.S. Department of Health and Human Services:</b>              |                              |  |                                     |                  |                                       |
| <b>Passthrough Awards:</b>  |                              |  |                                     |                  |                                       |
| Medical Assistance Program  | 93.778                       | Office of Vermont Health Access        | P85 - Sec. B. 605                   | \$ 248,103       | \$ -                                  |
| Medical Assistance Program  | 93.778                       | Vermont Department of Mental Health    | 03150-A1714                         | 6,150            | -                                     |
| Medical Assistance Program  | 93.778                       | Vermont Department of Mental Health    | 03150-A1695                         | 70,000           | -                                     |
|   |                              |  |                                     | <u>324,253</u>   | <u>-</u>                              |
| Total Medicaid Cluster  |                              |  |                                     | 324,253          | -                                     |
| <b>ECONOMIC DEVELOPMENT CLUSTER</b>                               |                              |  |                                     |                  |                                       |
| <b>U.S. Department of Commerce:</b>                               |                              |  |                                     |                  |                                       |
| <b>Direct Awards</b>  |                              |  |                                     |                  |                                       |
| Economic Adjustment Assistance                                    | 11.307                       | N/A                                    | N/A                                 | 90,684           | -                                     |
| <b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>                  |                              |  |                                     |                  |                                       |
| <b>U.S. Department of Agriculture:</b>                            |                              |  |                                     |                  |                                       |
| <b>Direct Awards:</b>   |                              |  |                                     |                  |                                       |
| Highway Planning and Construction                                 | 20.205                       | Vermont Agency of Transportation       | N/A                                 | 55,995           | -                                     |
| <b>NON-CLUSTER</b>  |                              |  |                                     |                  |                                       |
| <b>U.S. Department of Commerce:</b>                               |                              |  |                                     |                  |                                       |
| <b>Direct Awards:</b>   |                              |  |                                     |                  |                                       |
| Manufacturing Extension Partnership                               | 11.611                       | N/A                                    | N/A                                 | 666,519          | -                                     |
| Manufacturing Extension Partnership- Emergency Assistance Program | 11.611                       | N/A                                    | N/A                                 | 9,180            | -                                     |
| Subtotal - Direct Awards  |                              |  |                                     | <u>675,699</u>   | <u>-</u>                              |
| <b>Small Business Administration:</b>                             |                              |  |                                     |                  |                                       |
| <b>Direct Awards:</b>   |                              |  |                                     |                  |                                       |
| COVID-19 - Small Business Development Centers                     | 59.037                       | N/A                                    | N/A                                 | 548,516          | -                                     |
| Portability Assistance  | 59.037                       | N/A                                    | N/A                                 | 53,545           | -                                     |
| Small Business Development Centers                                | 59.037                       | N/A                                    | N/A                                 | 575,840          | -                                     |
| Subtotal - Direct Awards  |                              |  |                                     | <u>1,177,901</u> | <u>-</u>                              |
| <b>National Endowment for Arts</b>                                |                              |  |                                     |                  |                                       |
| <b>Passthrough Awards:</b>  |                              |  |                                     |                  |                                       |
| COVID -19 - Vermont COVID-19 Cultural Relief Grant                | 45.025                       | Vermont Arts Council                   | N/A                                 | 5,335            | -                                     |
| COVID -19 - Vermont COVID-19 Cultural Relief Grant                | 45.025                       | Vermont Humanities Council             | N/A                                 | 2,500            | -                                     |
| Subtotal - Passthrough Awards                                     |                              |  |                                     | <u>7,835</u>     | <u>-</u>                              |
| <b>U.S. Department of Veteran Affairs</b>                         |                              |  |                                     |                  |                                       |
| <b>Direct Awards:</b>   |                              |  |                                     |                  |                                       |
| Veteran Affairs   | 93.888                       | N/A                                    | N/A                                 | 1,184            | -                                     |
| <b>National Oceanic and Atmospheric Admin</b>                     |                              |  |                                     |                  |                                       |
| <b>Passthrough Awards:</b>  |                              |  |                                     |                  |                                       |
| Meteorologic and Hydrologic Modernization Development             | 11.467                       | National Oceanic and Atmospheric Admin | NA16NWS4670042                      | 1,563            | -                                     |

**VERMONT STATE COLLEGES**  
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

| Assistance Listing  | Number  | Pass-Through Entity                       | Pass-Through Entity Award Number | Total                | Total Amounts to Sub-recipients |
|---|---------|---|----------------------------------|----------------------|---------------------------------|
| <b>NON-CLUSTER - Continued</b>  |         |   |                                  |                      |                                 |
| <b>Northern Border Regional Commission:</b>   |         |   |                                  |                      |                                 |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| Northern Border Regional Development  | 90.601  | Northern Border Regional Commission       | NBRC16GVT                        | \$ 146,949           | \$ -                            |
| <b>U.S. Department of Health and Human Services:</b>                                    |         |   |                                  |                      |                                 |
| <b>    Direct Awards:</b>   |         |   |                                  |                      |                                 |
| Oral Health Workforce Activities  | 93.236  | N/A                                       | N/A                              | 235,831              | -                               |
| Early Childhood Education Institute   | 93.434  | N/A                                       | N/A                              | 40,000               | -                               |
| Subtotal - Direct awards  |         |   |                                  | <u>275,831</u>       | <u>-</u>                        |
| <b>U.S. Department of Health and Human Services:</b>                                    |         |   |                                  |                      |                                 |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| Special Education Grants for Infants and Families                                       | 84.181  | Vermont Department of Children & Families | 03440-34001-20-NL                | 36,000               | -                               |
| Substance Abuse and Mental Health Services  | 93.243  | Vermont Department of Mental Health       | 03150-C1052                      | 100,000              | -                               |
| Every Student Succeeds/Preschool Development Grants                                     | 93.434  | Vermont Department of Children & Families | 03440-34001-20-NL                | 48,385               | -                               |
| Block Grants for Community Mental Health Services                                       | 93.958  | Vermont Department of Health              | 03150-A1753                      | 41,701               | -                               |
| ADAP Workforce Development  | 93.959  | Vermont Department of Health              | 03420-07626                      | 19,440               | -                               |
| VCPH DBT Training   | 92.958  | Vermont Department of Health              | 03150-A1795                      | 67,595               | -                               |
| Subtotal - Passthrough Awards   |         |   |                                  | <u>313,121</u>       | <u>-</u>                        |
| <b>Corporation for National and Community Service</b>                                   |         |   |                                  |                      |                                 |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| AmeriCorps  | 94.006  | Vermont Agency of Human Services          | 03400-16AFH-LEAP-FY20            | 322,009              | -                               |
| <b>U.S. Department of Labor:</b>  |         |   |                                  |                      |                                 |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| Apprenticeship State Funds  | 17.285  | Vermont Department of Labor               | N/A                              | 291,720              | -                               |
| Strengthening Working Families Initiative   | 17.268  | Vermont Department of Labor               | HG-294545-16-60-A-5              | 764,349              | 241,878                         |
| Subtotal - Passthrough Awards   |         |   |                                  | <u>1,056,069</u>     | <u>241,878</u>                  |
| <b>U.S. Department of Treasury:</b>   |         |   |                                  |                      |                                 |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| COVID-19 - Coronavirus Relief Funds   | 21.019  | Vermont Agency of Administration          | 01110CRF20001                    | 5,622,173            | -                               |
| COVID-19 - Coronavirus Relief Funds   | 21.019  | Vermont Agency of Administration          | 01110CRF20036-02                 | 7,701,004            | -                               |
| COVID-19 - Coronavirus Relief Funds   | 21.019  | Vermont Agency of Administration          | 01110CRF20036-03                 | 1,442,153            | -                               |
| COVID-19 - Coronavirus Relief Funds   | 21.019  | Vermont Agency of Administration          | 03420-08436                      | 359,940              | -                               |
| Subtotal - Passthrough Awards   |         |   |                                  | <u>15,125,270</u>    | <u>-</u>                        |
| <b>U.S. Department of Education:</b>  |         |   |                                  |                      |                                 |
| <b>    Direct Awards:</b>   |         |   |                                  |                      |                                 |
| COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion*                | 84.425E | N/A                                       | N/A                              | 3,491,786            | -                               |
| COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion*              | 84.425F | N/A                                       | N/A                              | 14,507,663           | -                               |
| COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions Program* | 84.425M | N/A                                       | N/A                              | 617,035              | -                               |
| Title III   | 84.031A | N/A                                       | N/A                              | 1,017,894            | -                               |
| Subtotal - Direct awards  |         |   |                                  | <u>19,634,378</u>    | <u>-</u>                        |
| <b>    Passthrough Awards:</b>  |         |   |                                  |                      |                                 |
| Carl D. Perkins Vocation Education - Post Secondary                                     | 84.048A | Vermont Department of Education           | PerkR2171801                     | -                    | -                               |
| Career and Technical Education - Basic Grants to States **                              | 84.048  | Vermont Department of Education           | 4319R0571901                     | 705,637              | -                               |
| Career and Technical Education - Basic Grants to States**                               | 84.048  | Vermont Department of Education           | 4322R0571901                     | 293,823              | -                               |
| Gaining Early Awareness and Readiness Program   | 84.334S | Vermont Student Assistance Corp           | P334S110006-15                   | 245,890              | -                               |
| Subtotal - Passthrough Awards   |         |   |                                  | <u>1,245,350</u>     | <u>-</u>                        |
| <b>        Total Non-Cluster</b>  |         |   |                                  | <u>39,983,159</u>    | <u>241,878</u>                  |
| <b>    Total Federal Funds</b>  |         |   |                                  | <u>\$ 93,911,821</u> | <u>\$ 241,878</u>               |

\*Subtotal of 84.425 programs is \$18,616,484

\*\* Subtotal of 84.048 programs is \$999,460

**VERMONT STATE COLLEGES**  
 (a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

| Assistance Listing Number  | Pass-Through Entity | Pass-Through Entity Award Number          | Community College of Vermont | Castleton University | Northern Vermont University | Vermont Technical College | Workforce  | System Offices & Services | Total  | Total Amounts to Sub-recipients |      |
|--|---------------------|---|------------------------------|----------------------|-----------------------------|---------------------------|------------|---------------------------|--------|---------------------------------|------|
| <b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>                                    |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>U.S. Department of Education:</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>Direct Awards:</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| Federal Supplemental Educational Opportunity Grant                             | 84.007              | N/A                                       | N/A                          | \$ 191,001           | \$ 323,990                  | \$ 379,063                | \$ 219,103 | \$ -                      | \$ -   | \$ 1,113,157                    | \$ - |
| Federal Work-Study Program   | 84.033              | N/A                                       | N/A                          | 156,432              | 366,580                     | 812,731                   | 169,820    | -                         | -      | 1,505,563                       | -    |
| Federal Perkins Loan Program (beginning of year)                               | 84.038              | N/A                                       | N/A                          | -                    | 947,197                     | 2,207,446                 | 287,371    | -                         | 46,772 | 3,488,786                       | -    |
| Federal Perkins Loan Program (current year expenditures)                       | 84.038              | N/A                                       | N/A                          | -                    | -                           | -                         | -          | -                         | -      | -                               | -    |
| Federal Direct Student Loans   | 84.268              | N/A                                       | N/A                          | 2,834,205            | 9,700,434                   | 10,022,290                | 6,535,966  | -                         | -      | 29,092,895                      | -    |
| Federal Pell Grant Program   | 84.063              | N/A                                       | N/A                          | 5,444,677            | 2,981,065                   | 3,240,552                 | 1,780,418  | -                         | -      | 13,446,712                      | -    |
| Total Student Financial Assistance Cluster                                     |                     |   |                              | 8,626,315            | 14,319,266                  | 16,662,082                | 8,992,678  | -                         | 46,772 | 48,647,113                      | -    |
| <b>TRIO CLUSTER</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>U.S. Department of Education:</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>Direct Awards:</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| TRIO Student Support Services  | 84.042A             | N/A                                       | N/A                          | 415,061              | 328,760                     | 430,499                   | 327,219    | -                         | -      | 1,501,539                       | -    |
| TRIO Upward Bound  | 84.047A             | N/A                                       | N/A                          | -                    | 330,937                     | 872,247                   | -          | -                         | -      | 1,203,184                       | -    |
| TRIO Upward Bound NY   | 84.047M             | N/A                                       | N/A                          | -                    | 312,234                     | -                         | -          | -                         | -      | 312,234                         | -    |
| TRIO McNair  | 84.217A             | N/A                                       | N/A                          | -                    | 246,352                     | -                         | -          | -                         | -      | 246,352                         | -    |
| Total TRIO Cluster   |                     |   |                              | 415,061              | 1,218,283                   | 1,302,746                 | 327,219    | -                         | -      | 3,263,309                       | -    |
| <b>RESEARCH AND DEVELOPMENT CLUSTER</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>National Aeronautics and Space Administration:</b>                          |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>Passthrough Awards:</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| Science - National Space Grant College and Fellowship Program                  | 43.001              | University of Vermont                     | AWD00000100SUB00000078       | -                    | -                           | -                         | 9,006      | -                         | -      | 9,006                           | -    |
| Education - CubeSat Continued Development                                      | 43.008              | University of Vermont                     | 33451 SUB00000147            | -                    | -                           | -                         | 19,093     | -                         | -      | 19,093                          | -    |
| Subtotal - Passthrough Awards  |                     |   |                              | -                    | -                           | -                         | 28,099     | -                         | -      | 28,099                          | -    |
| <b>National Science Foundation:</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>Direct Awards:</b>  |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| Geosciences  | 47.050              | N/A                                       | N/A                          | -                    | 33,418                      | -                         | -          | -                         | -      | 33,418                          | -    |
| <b>Passthrough Awards:</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| Experimental Program to Stimulate Competitive Research                         | 47.073              | University of Vermont                     | 30373SUB52050                | -                    | 11,303                      | -                         | -          | -                         | -      | 11,303                          | -    |
| Experimental Program to Stimulate Competitive Research                         | 47.073              | University of Vermont                     | 30373SUB52051                | -                    | -                           | 13,177                    | -          | -                         | -      | 13,177                          | -    |
| Biomedical Research and Research Training                                      | 93.859              | University of Vermont                     | 29252SUB51796                | -                    | 101,597                     | -                         | -          | -                         | -      | 101,597                         | -    |
| Biomedical Research and Research Training                                      | 93.859              | University of Vermont                     | 2P20GM103449-19              | -                    | 118,196                     | -                         | -          | -                         | -      | 118,196                         | -    |
| Subtotal - Passthrough Awards  |                     |   |                              | -                    | 112,900                     | 131,373                   | -          | -                         | -      | 244,273                         | -    |
| Total Research and Development Cluster   |                     |   |                              | -                    | 146,318                     | 131,373                   | 28,099     | -                         | -      | 305,790                         | -    |
| <b>477 CLUSTER</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>U.S. Department of Health and Human Services:</b>                           |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| <b>Passthrough Awards:</b>   |                     |   |                              |                      |                             |                           |            |                           |        |                                 |      |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.575              | Vermont Department of Children & Families | 03440-34001-18-ECPDS         | 1,241,518            | -                           | -                         | -          | -                         | -      | 1,241,518                       | -    |

**VERMONT STATE COLLEGES**  
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

| Assistance Listing Number   | Pass-Through Entity                    | Pass-Through Entity Award Number | Community College of Vermont | Castleton University | Northern Vermont University | Vermont Technical College | Workforce | System Offices & Services | Total     | Total Amounts to Sub-recipients |
|---|--|----------------------------------|------------------------------|----------------------|-----------------------------|---------------------------|-----------|---------------------------|-----------|---------------------------------|
| <b>MEDICAID CLUSTER</b>   |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>U.S. Department of Health and Human Services:</b>              |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Passthrough Awards:</b>  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Medical Assistance Program  | Office of Vermont Health Access        | P85 - Sec. B. 605                | \$ -                         | \$ -                 | \$ -                        | 248,103                   | \$ -      | \$ -                      | 248,103   | \$ -                            |
| Medical Assistance Program  | Vermont Department of Mental Health    | 03150-A1714                      | -                            | -                    | 6,150                       | -                         | -         | -                         | 6,150     | -                               |
| VCPI Operations Grant   | Vermont Department of Mental Health    | 03150-A1695                      | -                            | -                    | 70,000                      | -                         | -         | -                         | 70,000    | -                               |
| Total Medicaid Cluster  |  |                                  | -                            | -                    | 76,150                      | 248,103                   | -         | -                         | 324,253   | -                               |
| <b>ECONOMIC DEVELOPMENT CLUSTER</b>                               |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>U.S. Department of Commerce:</b>                               |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Direct Awards</b>  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Economic Adjustment Assistance                                    | N/A                                    | N/A                              | -                            | -                    | 90,684                      | -                         | -         | -                         | 90,684    | -                               |
| <b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>                  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>U.S. Department of Agriculture:</b>                            |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Direct Awards:</b>   |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Highway Planning and Construction                                 | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 55,995    | -                         | 55,995    | -                               |
| <b>NON-CLUSTER</b>  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>U.S. Department of Commerce:</b>                               |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Direct Awards:</b>   |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Manufacturing Extension Partnership                               | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 666,519   | -                         | 666,519   | -                               |
| Manufacturing Extension Partnership- Emergency Assistance Program | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 9,180     | -                         | 9,180     | -                               |
| Subtotal - Direct Awards  |  |                                  | -                            | -                    | -                           | -                         | 675,699   | -                         | 675,699   | -                               |
| <b>Small Business Administration:</b>                             |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Direct Awards:</b>   |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| COVID-19 - Small Business Development Centers                     | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 548,516   | -                         | 548,516   | -                               |
| OSBDC Portable Assistance Program                                 | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 53,545    | -                         | 53,545    | -                               |
| Small Business Development Centers                                | N/A                                    | N/A                              | -                            | -                    | -                           | -                         | 575,840   | -                         | 575,840   | -                               |
| Subtotal - Direct Awards  |  |                                  | -                            | -                    | -                           | -                         | 1,177,901 | -                         | 1,177,901 | -                               |
| <b>National Endowment for the Arts</b>                            |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Passthrough Awards:</b>  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Vermont COVID-19 Cultural Relief Grant                            | Vermont Arts Council                   | N/A                              | -                            | -                    | 5,335                       | -                         | -         | -                         | 5,335     | -                               |
| Vermont COVID-19 Cultural Relief Grant                            | Vermont Humanities Council             | N/A                              | -                            | -                    | 2,500                       | -                         | -         | -                         | 2,500     | -                               |
| Subtotal - Passthrough Awards                                     |  |                                  | -                            | -                    | 7,835                       | -                         | -         | -                         | 7,835     | -                               |
| <b>U.S. Department of Veteran Affairs</b>                         |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Direct Awards:</b>   |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Veteran Affairs   | N/A                                    | N/A                              | -                            | 1,184                | -                           | -                         | -         | -                         | 1,184     | -                               |
| <b>National Oceanic and Atmospheric Administration</b>            |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| <b>Passthrough Awards:</b>  |  |                                  |                              |                      |                             |                           |           |                           |           |                                 |
| Meteorologic and Hydrologic Modernization Development             | National Oceanic and Atmospheric Admin | NA16NWS4670042                   | -                            | -                    | 1,563                       | -                         | -         | -                         | 1,563     | -                               |

**VERMONT STATE COLLEGES**  
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

| Assistance Listing   | Pass-Through Entity                       | Pass-Through Entity Award Number | Community College of Vermont | Castleton University | Northern Vermont University | Vermont Technical College | Workforce           | System Offices & Services | Total                | Total Amounts to Sub-recipients |
|--|---|----------------------------------|------------------------------|----------------------|-----------------------------|---------------------------|---------------------|---------------------------|----------------------|---------------------------------|
| <b>NON-CLUSTER - CONTINUED</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Northern Border Regional Commission:</b>                                |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| Northern Border Regional Development                                       | Northern Border Regional Commission       | NBRC16GVT                        | \$ 17,477                    | \$ -                 | \$ 38,613                   | \$ -                      | \$ 90,859           | \$ -                      | \$ 146,949           | \$ -                            |
| <b>U.S. Department of Health and Human Services:</b>                       |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Direct Awards:</b>  |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| Oral Health Workforce Activities   | N/A                                       | N/A                              | -                            | -                    | -                           | 235,831                   | -                   | -                         | 235,831              | -                               |
| Early Childhood Education Institute  | N/A                                       | N/A                              | -                            | 40,000               | -                           | -                         | -                   | -                         | 40,000               | -                               |
| Subtotal - Direct Awards   |   |                                  | -                            | 40,000               | -                           | 235,831                   | -                   | -                         | 275,831              | -                               |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| Special Education Grants for Infants and Families                          | Vermont Department of Children & Families | 03440-34001-20-NL                | 36,000                       | -                    | -                           | -                         | -                   | -                         | 36,000               | -                               |
| Substance Abuse and Mental Health Services                                 | Vermont Department of Mental Health       | 03150-C1052                      | -                            | -                    | 100,000                     | -                         | -                   | -                         | 100,000              | -                               |
| Every Student Succeeds/Preschool Development Grants                        | Vermont Department of Children & Families | 03440-34001-20-NL                | 48,385                       | -                    | -                           | -                         | -                   | -                         | 48,385               | -                               |
| Block Grants for Community Mental Health Services                          | Vermont Department of Health              | 03150-A1753                      | -                            | -                    | 41,701                      | -                         | -                   | -                         | 41,701               | -                               |
| ADAP Workforce Development   | Vermont Department of Health              | 03420-07626                      | -                            | -                    | 19,440                      | -                         | -                   | -                         | 19,440               | -                               |
| VCPH DBT Training  | Vermont Department of Health              | 03150-A1795                      | -                            | -                    | 67,595                      | -                         | -                   | -                         | 67,595               | -                               |
| Subtotal - Passthrough Awards  |   |                                  | 84,385                       | -                    | 228,736                     | -                         | -                   | -                         | 313,121              | -                               |
| <b>Corporation for National and Community Service:</b>                     |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| AmeriCorps   | Vermont Agency of Human Services          | 03400-16AFH-LEAP-FY20            | -                            | -                    | 322,009                     | -                         | -                   | -                         | 322,009              | -                               |
| <b>U.S. Department of Labor:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| Apprenticeship State Funds   | Vermont Department of Labor               | N/A                              | 130,235                      | -                    | -                           | -                         | 161,485             | -                         | 291,720              | -                               |
| Strengthening Working Families Initiative                                  | Vermont Department of Labor               | HG-294545-16-60-A-5              | -                            | -                    | -                           | -                         | 764,349             | -                         | 764,349              | 241,878                         |
| Subtotal - Direct Awards   |   |                                  | 130,235                      | -                    | -                           | -                         | 925,834             | -                         | 1,056,069            | 241,878                         |
| <b>U.S. Department of Treasury:</b>  |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| COVID-19 - Coronavirus Relief Funds  | Vermont Agency of Administration          | 01110CRF20001                    | -                            | -                    | -                           | -                         | 5,622,173           | -                         | 5,622,173            | -                               |
| COVID-19 - Coronavirus Relief Funds  | Vermont Agency of Administration          | 01110CRF20036-02                 | -                            | -                    | -                           | -                         | 7,701,004           | -                         | 7,701,004            | -                               |
| COVID-19 - Coronavirus Relief Funds  | Vermont Agency of Administration          | 01110CRF20036-03                 | -                            | -                    | -                           | -                         | 1,442,153           | -                         | 1,442,153            | -                               |
| COVID-19 - Coronavirus Relief Funds  | Vermont Agency of Administration          | 03420-08436                      | -                            | -                    | -                           | 359,940                   | -                   | -                         | 359,940              | -                               |
| Subtotal - Passthrough Awards  |   |                                  | -                            | -                    | -                           | 359,940                   | 14,765,330          | -                         | 15,125,270           | -                               |
| <b>U.S. Department of Education:</b>                                       |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| <b>Direct Awards:</b>  |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion*   | N/A                                       | N/A                              | 1,019,809                    | 878,417              | 1,107,857                   | 485,703                   | -                   | -                         | 3,491,786            | -                               |
| COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion* | N/A                                       | N/A                              | 3,284,962                    | 4,839,783            | 3,447,009                   | 2,935,909                 | -                   | -                         | 14,507,663           | -                               |
| COVID-19 - Higher Education Strengthening - Institutional Programs*        | N/A                                       | N/A                              | 260,348                      | 132,648              | 146,491                     | 77,548                    | -                   | -                         | 617,035              | -                               |
| Title III  | N/A                                       | N/A                              | -                            | 473,640              | 544,254                     | -                         | -                   | -                         | 1,017,894            | -                               |
| Subtotal - Passthrough Awards  |   |                                  | 4,565,119                    | 6,324,488            | 5,245,611                   | 3,499,160                 | -                   | -                         | 19,634,378           | -                               |
| <b>Passthrough Awards:</b>   |   |                                  |                              |                      |                             |                           |                     |                           |                      |                                 |
| Carl D. Perkins Vocation Education - Post Secondary**                      | Vermont Department of Education           | PerkR2171801                     | -                            | -                    | -                           | -                         | -                   | -                         | -                    | -                               |
| Career and Technical Education - Basic Grants to States**                  | Vermont Department of Education           | 4319R0571901                     | 705,637                      | -                    | -                           | -                         | -                   | -                         | 705,637              | -                               |
| Career and Technical Education - Basic Grants to States**                  | Vermont Department of Education           | 4322R0571901                     | 71,108                       | -                    | -                           | 222,715                   | -                   | -                         | 293,823              | -                               |
| Gaining Early Awareness and Readiness Program                              | Vermont Student Assistance Corp.          | P334S1 10006-15                  | 241,805                      | -                    | 4,085                       | -                         | -                   | -                         | 245,890              | -                               |
| Subtotal - Passthrough Awards  |   |                                  | 1,018,550                    | -                    | 4,085                       | 222,715                   | -                   | -                         | 1,245,350            | -                               |
| Total Non-Cluster  |   |                                  | 5,815,766                    | 6,365,672            | 5,848,452                   | 4,317,646                 | 2,870,293           | 14,765,330                | 39,983,159           | 241,878                         |
| <b>Total Federal Funds</b>   |   |                                  | <b>\$ 16,098,660</b>         | <b>\$ 22,049,539</b> | <b>\$ 24,111,487</b>        | <b>\$ 13,913,745</b>      | <b>\$ 2,926,288</b> | <b>\$ 14,812,102</b>      | <b>\$ 93,911,821</b> | <b>\$ 241,878</b>               |

\*Subtotal of CFDA 84.425 programs is \$18,616,484  
\*\* Subtotal of CFDA 84.048 programs is \$999,460



# VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Vermont State Colleges (the “Colleges”) under programs of the Federal Government for the year ended June 30, 2021. The information on this schedule is prepared in accordance with the 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”). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the Colleges.

Note 2 - **Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 3 - **De Minimis Indirect Cost Rate**

The Colleges have elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Student Loan Program**

**Perkins Loan Program**

The Federal Perkins Loan Program (“Perkins”) is administered directly by the Colleges and balances and transactions relating to the program are included in the College’s basic financial statements. During the year ended June 30, 2020, no loans were advanced under the Perkins program and no administrative costs were incurred. As of June 30, 2021, loan balances receivable, net under Perkins was \$3,279,112.

There was no federal capital contribution or match by the Colleges during the current year.

**VERMONT STATE COLLEGES**  
**(a Component Unit of the State of Vermont)**

**Notes to Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2021**

Note 4 - **Federal Student Loan Program - Continued**

*Direct Student Loan Program*

The Colleges disbursed \$29,092,895 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the Colleges under the program as of June 30, 2021. The Colleges are only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the Colleges' financial statements.

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**VERMONT STATE COLLEGES**  
**(a Component Unit of the State of Vermont)**

**Schedule of Current Year Findings and Questioned Costs**

**Year Ended June 30, 2021**

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

***Financial Statements***

|  |            |                 |
|--|------------|-----------------|
| Type of auditors’ report issued:   | Unmodified |                 |
| Internal control over financial reporting:   |            |                 |
| • Material weaknesses identified?  | _____ yes  | <u>  x  </u> no |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes  | <u>  x  </u> no |
| Noncompliance material to the financial statements noted?                                | _____ yes  | <u>  x  </u> no |

***Federal Awards***

|  |                  |                 |
|--|------------------|-----------------|
| Type of auditor’s report issued:   | Unmodified       |                 |
| Internal control over major programs:  |                  |                 |
| • Material weaknesses identified?  | _____ yes        | <u>  x  </u> no |
| • Significant deficiencies identified that are not considered to be material weaknesses?               | _____ yes        | <u>  x  </u> no |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | <u>  x  </u> yes | _____ no        |

**VERMONT STATE COLLEGES**  
**(a Component Unit of the State of Vermont)**

**Schedule of Current Year Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

***Identification of Major Programs:***

| Name of Federal Program or Cluster  | CFDA Number    |
|---|----------------|
| Education Stabilization Fund:   |                |
| COVID-19 - Higher Education Emergency Relief Fund -<br>Student Aid Portion                | <b>84.425E</b> |
| COVID-19 - Higher Education Emergency Relief Fund -<br>Institutional Portion              | <b>84.425F</b> |
| COVID-19 - Higher Education Emergency Relief Fund -<br>Strengthening Institutions Program | <b>84.425M</b> |
| Non-cluster:  |                |
| COVID-19 - Small Business Development Center  | <b>59.037</b>  |
| Manufacturing Extension Partnership   | <b>11.611</b>  |
| COVID-19 - Coronavirus Relief Funds   | <b>21.019</b>  |

Dollar threshold used to distinguish  
 Between type A and type B programs: \$2,817,355

Auditee qualified as a low-risk auditee?   x   yes        no

**VERMONT STATE COLLEGES**  
**(a Component Unit of the State of Vermont)**

**Schedule of Current Year Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

**Section II – Financial Statement Findings:**

None

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## **VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)**

### **Schedule of Current Year Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

#### **Section III – Federal Award Findings and Questioned Costs:**

**Finding number:** 2021-001  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2020

#### ***Criteria***

According to 34 CFR 685.309(b)(2):

Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –

- (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 issued by the U.S. Department of Education (“ED”) on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated June 2019:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

## **VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)**

### **Schedule of Current Year Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

#### ***Condition***

The Federal Government requires the Colleges to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days. During our testing of twenty students with enrollment status changes who graduated or withdrew from the institution, we noted the following:

1. Three student's status change was never reported to NSLDS.
2. Three students' status changes were not reported to NSLDS within the 60-day required timeframe.

#### ***Cause***

The Colleges were negatively impacted by COVID-19 and there were delays in response time from both the Colleges and National Student Clearinghouse.

#### ***Effect***

The Colleges did not report the students' correct effective dates to NSLDS or were not reported within the required timeframe, which may impact the students' loan grace periods.

#### ***Questioned Costs***

Not applicable

#### ***Perspective***

Our sample was not, and was not intended to be, statistically valid. Of the twenty students selected for testing, six students, or 30% of our sample, had either incorrect effective dates reported to NSLDS or were not reported to NSLDS within the required timeframe.

#### ***Identification as a Repeat Finding, if applicable***

See finding 2020-001 included in the summary schedule of prior year findings.

#### ***Recommendation***

We recommend that management review its control procedures for reporting student financial aid data to the NSLDS to ensure proper controls are in place to ensure that all information is reported is correct and done with the required timeframe.

#### ***View of Responsible Officials***

The Colleges agree with the finding.

## VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

### Management's Summary Schedule of Prior Audit Findings

#### Year Ended June 30, 2021

**Finding number:** 2020-001  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2020

#### *Condition*

The Colleges policy is to report student enrollment to a contracted third party, the National Student Clearinghouse (“NSC”). The Colleges utilized the NSC to facilitate its responsibility to notify the National Student Loan Data System (“NSLDS”) of changes in the enrollment status of students. However, the Colleges are ultimately responsible to ensure that NSLDS is properly and timely notified of all student enrollment status changes. The Colleges report an initial enrollment status and subsequent changes in enrollment status to the NSC based on a pre-determined schedule throughout each semester.

#### *Award Year 2020:*

Out of a sample of forty students with enrollment status changes, one student was never reported to the NSLDS, four students were reported with the incorrect effective date, and six students' status changes were not reported to NSLDS within the 60-day required time frame.

#### *Award Year 2019:*

Out of a sample of forty students with enrollment status changes, three students were not reported with the correct effective date to the NSLDS.

#### *Award Year 2018:*

Out of a sample of forty students with enrollment status changes, two students' status changes (graduated) were never reported to NSLDS. One student's status change (withdrawal) was not reported to NSLDS within the 60-day required time frame.

#### *Award Year 2017:*

Out of a sample of forty students with enrollment status changes, two students with a status change were not reported in a timely manner to the NSLDS. One student was never reported to the NSLDS and the other student took ninety-one days to report.

#### *Award Year 2016:*

Out of a sample of forty students with enrollment status changes, one student's status change was not reported in a timely manner to the NSLDS and took sixty-two days to report.



## **VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)**

### **Management's Summary Schedule of Prior Audit Findings - Continued**

**Year Ended June 30, 2021**

***Current Year Status:***

During the auditors testing of twenty students with enrollment status changes who graduated or withdrew from the institution, the auditors noted the following:

1. Three student's status change was never reported to NSLDS.
2. Three students' status changes were not reported to NSLDS within the 60-day required timeframe.

The Colleges are looking to strengthen its controls in this area. See finding 2021-001 for more information and corrective action plan.

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## VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

### Management's Summary Schedule of Prior Audit Findings - Continued

#### Year Ended June 30, 2021

**Finding number:** 2020-002  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2020

#### *Condition*

Federal regulations require the Colleges to report to the Federal Government's Common Origination and Disbursement System ("COD") Federal Pell Grant disbursements made to students within fifteen days of the funds being disbursed to the student. During our testing, we noted seven students, out of a sample of forty, were not reported within the required timeframe by a range of four to fifty-seven days.

#### *Award year 2020:*

During our current year testing, we noted five students, out of a sample of forty, were not reported within the required timeframe by a range of two to twenty-nine days.

#### *Current Year Status:*

During the auditors current year testing, we did not note any students, out of our sample of ten, that were not reported within the required timeframe.

## VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

### Management's Summary Schedule of Prior Audit Findings - Continued

Year Ended June 30, 2021

**Finding number:** 2020-003  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2020

***Condition***

The Financial Aid Office is responsible for completing the Return of Title IV calculation to determine how much Title IV aid the student earned and how much must be returned to the Department of Education. Once the Return of Title IV calculation is completed, the Colleges are responsible for adjusting the student's billing statement and returning unearned Title IV funds through the U.S. Department of Education's Grant Management System ("G5"). The Colleges have 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds. During our testing, we noted one student, out of a sample of forty, where the aid returned was different than the amount correctly calculated on the Return to Title IV ("R2T4") form.

***Award year 2020:***

During our current year testing, we noted four students, out of a sample of forty, who did not have the correct amount of Title IV funds returned. The Colleges are looking to strengthen its controls in this area.

***Current Year Status:***

During the auditors current year testing, the auditors did not note any students, out of a sample of twelve, that did not have the correct amount of Title IV funds returned.

**VERMONT STATE COLLEGES**  
**(a Component Unit of the State of Vermont)**

**Management's Summary Schedule of Prior Audit Findings - Continued**

**Year Ended June 30, 2021**

**Finding number:** 2020-004  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2020

***Condition***

Federal regulations require an institution to return unclaimed Title IV funds issued by check or EFT within 240 days. During our testing, we noted two students, out of a sample of forty, that had unclaimed funds exceeding the federal day limit by 130 and 25 days.

***Award year 2020:***

During our testing, we noted two students, out of a sample of forty, that had unclaimed funds exceeding the federal day limit by 130 and 25 days.

***Current Year Status:***

During the auditors current year testing, the auditors did not note any students, out of a sample of five, that had unclaimed funds exceeding the federal day limit.

## Management's Corrective Action Plan

**Finding number:** 2021-001  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #:** 84.007, 84.033, 84.038, 84.063, 84.268  
**Award year:** 2021

### *Corrective Action Plan:*

To correct this, one of the Colleges has modified our policy around reporting. Each month, approximately a week after the National Student Clearinghouse files are submitted the registrar and the assistant registrar will seek to confirm receipt by NSLDS.

### *Timeline for Implementation of Corrective Action Plan:*

**Fall 2021**

### *Contact Person*

Sharron Scott, CFO

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**ITEM 3: Resolution 2022-001 Audit Acceptance**

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VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2022-001

Acceptance of the FY2021 Uniform Guidance Single Audit Report

- WHEREAS, The Vermont State Colleges has contracted with O'Connor & Drew to perform its FY2021 Financial Statement and Uniform Guidance Single Audits; and
- WHEREAS, O'Connor & Drew delivered, and the Audit Committee accepted, the draft financial statements at the October 18, 2021 meeting of the Audit Committee; and
- WHEREAS, O'Connor & Drew have delivered the Uniform Guidance Single Audit report and Advisory Comments to the Audit Committee; and
- WHEREAS, The Board's Audit Committee has reviewed these materials and recommended that the Board accept them; therefore, be it
- RESOLVED, That the Board of Trustees of the Vermont State Colleges hereby accepts the FY2021 Uniform Guidance Single Audit report.

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**ITEM 4: Progress Update on Payroll & Benefits Audit**

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## FY2021 Payroll and Benefits Progress Update

**Table 01: Opportunities for Improvement Classification Table**

| Classification  | Description   |
|---|---|
|  | <b>High</b> – Represents an increased control risk and warrants management attention.                                 |
|  | <b>Moderate</b> – Represents a control improvement and should be addressed as part of the System’s operational plans. |
|  | <b>Low</b> – Represents a process or best-practice improvement and addressed at management’s discretion.              |

### 5.1 Review and validation of changes made to payroll and benefits

Classification: High

Opportunity Identified:

Through our inquiries and testing, it was determined that the System does not have a process in place to review changes made to payroll and benefit information as it relates to newly hired employees, terminated employees, or on-going changes or maintenance, for accuracy or reasonableness.

Recommendation:

BerryDunn recommends that a review be implemented to validate the data entered in the UKG System is accurate and appropriate. This review should occur at both the Office of the Chancellor and the individual Institutions. An individual that is outside of the payroll and the data entry process should review all changes recorded in the System to validate that they are accurately entered and appropriate. We also recommend that a secondary review be performed at the individual institution level to verify that all information has been properly accounted for. In most instances, changes that are entered into the UKG System originated at the institutional level and are submitted to the OC through the ticketing system. The individuals at the institution level would have the knowledge to review the changes made to determine that all the necessary changes were included and they were approved and appropriate. The System should consider utilizing technology whether through the ticketing system or the UKG System to automatic the process and create an audit trail. If the System is unable to utilize technology for performing these reviews, they should consider utilizing a payroll change report that is customized for each individual institution to review their specific data. The report review at the OC level should include all activity for the entire System.

#### Management Response – October 2021

We agree with the recommendation. We will explore the use of automated workflows within UKG such as wage changes, reclassifications, and terminations that will enable us to utilize pre-built and well-controlled processes to electronically compare the requests to what has been entered into the system.

## FY2021 Payroll and Benefits Progress Update

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Automated workflows will streamline the process as data entry will originate from the campuses (supervisors and hiring managers) and then be approved by the appropriate resources from the institution such as the president or designee and/or human resources professionals.

With each payroll, Chancellor's Office Human Resources staff will review a random sample of all changes made through the workflow process to ensure consistency with VSCS policies and procedures, bargaining unit agreements, and documented practices.

Additionally, the VSCS will explore the use of UKG audit reports by institution for an additional post-payroll review.

### Management Update: February 2022

We have implemented a pilot program utilizing automated UKG workflows for direct input of direct deposit information, name changes, and address changes. Address changes require verification by HR directors to comply with tax requirements. The pilot program was successful, and phase II will expand the use of automated UKG workflows to include terminations and pay rate changes. Implementation of phase II is expected in Q1. We are also increasing the use of UKG reports for post payroll review.

## 5.2 Formalize the employee termination process

Classification: High

Opportunity Identified:

Through our review of documentation and inquiries with individuals at each Institution and the OC, there are inconsistencies and a decentralized process as it relates to the termination of an employee. We specifically noted through our testing that there are inconsistencies with the timeliness of terminating employees in UKG, the process for communicating terminations, and de-activation of access rights and returning equipment. From discussions with individuals at the Institutions and the OC, there is not a universal understanding of the process from start to finish. The use of a PAF to start the termination process with UKG depends on the type of position the employee holds (faculty, staff, assignment contract, and student) and who is responsible to communicate the termination to the OC. We noted for assignment contract employees, the employees remain active in the system past their contract end date until they have not taught any credits for three consecutive semesters. This could provide the opportunity for manual pay to be processed during their time of inactivity.

Through our terminated employee testing, we also noted a number of the employees selected for testing were terminated untimely from their last pay date. These employees were identified by either the Institution HR or System HR during 2020 and 2021 through running reports on a monthly and/or quarterly basis of employees to determine employees who had not received pay for an extended amount of time. This was used as a determining factor if they should be terminated in the system. While no employees were identified in our testing as being paid subsequent to the termination, there is a risk of employees receiving additional pay or employer benefits paid if terminations were not processed timely. It was also noted through our discussions that due to the functionality in UKG and the integration with the System's

## FY2021 Payroll and Benefits Progress Update

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networks and access as a whole, employees continue to have computing access until they were formally terminated in UKG. There are many departments and individuals that play a role in this process; however, there is no centralized notification used or tracking of the steps taken.

### Recommendation:

We recommend that the System create a formal terminated employee checklist that is maintained and monitored by the Institution HR. This form should include termination of the employee from UKG, benefits, access rights, returning System-owned property, returning PCard, etc. This checklist should be integrated with the inventory tracking feature of UKG. We also recommend reviewing the capabilities in UKG to determine a report that can run each pay period with employees' contract end dates to verify no employees were missed from being terminated timely. In addition, we recommend determining the capabilities to mark assignment contract employees as inactive for the periods of time they are not contracted to work as opposed to waiting for three consecutive terms to pass. While developing the formal process and additional reviews, the System should evaluate the functionalities in UKG and other software packages to explore automating processes and procedures to better leverage available technology.

### Management Response: October 2021

We agree with the recommendation. As with the response for 5.1, we will explore the use of an automated workflow within UKG for termination processing to streamline the process. In leveraging the workflow process, we will explore the use of automated notification to interested parties regarding property and equipment to ensure the return of assets owned by the VSCS.

As with 5.1 data entry is expected to originate at the campus with action originated by the supervisor and approved by president or designee and institutional human resources. These action will be separate and apart from review and approval before final processing by Chancellor's Office Human Resources and Payroll staff.

Additionally, the Chancellor's HR office will review a random sample of all changes made through the workflow process.

We will explore the possibility of UKG audit reports by institution for an additional post-payroll review.

Finally, we are exploring options within UKG to inactivate employees who do not have an active contract.

### Management Update: February 2022

As mentioned in 5.1, the termination process will be included in phase II of the expanded use of UKG workflow. Implementation of phase II expected in Q1. We are also utilizing UKG reporting to help in the inactivation of employees without an active contract or no pay. Work flow improvements are in process with gains in efficiency expected.

## FY2021 Payroll and Benefits Progress Update

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### 5.3 Review of time reporting

Classification: High

Opportunity Identified:

As a result of our inquiries and testing, it was noted that employees record their time electronically in the time reporting module of UKG on a bi-weekly basis and time entry is due every other Friday. Supervisors are required to approve their employee's time no later than noon on the following Monday. After noon on that Monday, the time reporting module is locked and the hours are then imported into the UKG payroll processing module to be processed. All of the hours are imported into UKG regardless of if the time was approved by a supervisor. There is no formal follow up review performed to verify if time had been approved.

It was also noted that supervisors have the ability to add time for an employee or modify time previously entered by an employee. There is currently no formal review performed for the time that is manually modified or entered on behalf of an employee. The UKG System does maintain an audit trail of the individual who entered the time or made the change, however, there is no system generated report to review this time.

Through our inquiries it was also noted that the vacation time that is entered into the time reporting module is not deducted from their overall accrual balance until the timesheet is approved. In instances where a timesheet is not approved, the employee's accrued balance may not accurately reflect their available vacation time.

Recommendation:

We recommend that the System implement a formal review process for time reporting including approval and adjustments. We understand that there is a very tight turnaround that does not allow significant room for follow up if time entry is not reviewed and the need to pay employees for time worked by law. We recommend that the System consider the overall due date structure for when time is due, approvals are due, and payroll is started to see if there are any modifications that can be made to the timeline in order to allow for the time necessary to follow up on unapproved time.

The System should also identify who would be responsible for the follow up with specific supervisors on any unapproved time for a pay period. We have seen with other College Systems that this level of review and follow up occurs at the individual Institution level.

If the System is unable to determine a process that ensures that a level of review has occurred prior to payroll being processed, we recommend that time entry be reviewed by a specific date subsequent to when payroll is processed. While payroll will already be processed, a level of review of time reporting is an essential internal control for overall fiscal and asset management.

Management Response: October 2021

We agree with the recommendation. A report has been developed to identify supervisors who are not approving time by the due date for payroll processing. Outreach and education

## FY2021 Payroll and Benefits Progress Update

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has and will continue to occur to increase compliance. So far, there has been a marked improvement to time approval.

A process is being developed to require supervisor approval post-payroll, when necessary. Additionally, further reporting to senior management where continued noncompliance has taken place will be developed.

### Management Update: February 2022

Outreach and education has been highly successful and has drastically reduced the number of unapproved timesheets and there are no longer "repeat offenders". While this effort will be ongoing, the bulk of the improvements has been realized.

## 5.4 Roles and responsibilities of Payroll and Human Resources

Classification: High

Opportunity Identified:

We noted through our discussions and testing that the access within UKG to perform specific functions is restricted to a limited number of authorized individuals. This access includes adding, terminating, and updating employees and is restricted to the System Employee Specialists, System HR Director, and System DFO. We do understand that all of the individuals also have the ability to input manual pay and modify the payroll processing module of payroll. We also noted that System HR Director and the System DFO have full administrator access within UKG which enables them to change an individual user's access rights and abilities within UKG. The System DFO serves as the payroll backup and has the ability to finalize and upload payroll. This access hinders the ability to clearly define and separate the human resource function as separate and distinct from payroll processing function and implement clear responsibilities and reviews.

Through our review of access rights, we also noted that all of the Institution HR Directors have the same view-only access in UKG with the exception of the CCV HR Director. The CCV HR Director has report access which is unique to this one individual.

Recommendation:

We recommend that the System evaluate the tasks performed by the System HR Director, the Employee Specialists, and the System Payroll Manager to ensure that they are consistent with strong segregation of duties. We also recommend that the System review the access rights to the various modules in UKG to further separate and define the roles and responsibilities. This would also include evaluating the individuals who have administrator access to the System and limiting those to individuals outside of the Human Resource and Payroll functions. Tasks related to employee set up, demographics, and benefits administration should be limited to the Human Resource professionals. Tasks related to processing payroll and inputting manual or retro-pays, should be performed by the System Payroll Manager. The System HR Director should have a supervisory role in the process that includes reviewing data entered or modified as it relates to employees as well as a review of the manual or retro-pays. The System HR Director access should also be modified to a read-

## FY2021 Payroll and Benefits Progress Update

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only function in order to be able to provide an effective review over the data. The System should also consider the appropriate individual to serve as a backup for the System Payroll Manager.

We also recommend that the System re-evaluate the access rights granted to the Institution HR Director to verify that they have ability to review key reports that are noted in other recommendations above.

We do understand that the System has limited personnel at both the Office of the Chancellor and the individual institutions in which compensating controls may need to be put into place to mitigate risks presented with the current roles and responsibilities.

### Management Response: October 2021

We agree with the recommendation. A read-only role has been created and assigned to institutional HR directors to allow them to run reports and access information as they need it.

We will explore creating a role specific to the System DFO to ensure they have the access they need for their primary and back-up responsibilities while limiting their other edit access.

Where segregation of duties is not possible, an audit report will be developed to identify those situations where the System HR director has to make changes to entered data. It will be reviewed by another person as a compensating control.

### Management Update: February 2022

The system Director of Financial Operations (DFO) has the access to back up payroll processing but cannot perform data entry in UKG. The capability for data entry does not exist outside of OC HR. The System HR director's access to make changes in UKG is only utilized for the mass uploads of wage changes at the beginning of each fiscal year. UKG's extensive reporting capability, which tracks who performs changes or data entry, will be utilized to confirm this current practice by the System HR director.

## 5.5 Consistency of documentation submitted to the Office of the Chancellor

Classification: Moderate

Opportunity Identified:

Through our inquiries, we noted there are inconsistencies among Institutions in the information uploaded to the OC, including who is submitting the information and what is being submitted.

- The OC utilizes a ticketing system to transfer information for processing in relation to payroll and benefits. Individuals are aware that information can be directly transferred to the System PR Manager's drop box thus bypassing the ticketing system.
- There is no standard with regard to which individuals at an Institution level should submit payroll and benefit information to the OC for processing which could lead to duplicate requests and payments.

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- Within the various Institutions and employment types, there are inconsistencies in regards to when a PAF is used and provided to the OC for processing.

### Recommendation:

BerryDunn recommends that the OC consider determining and communicating the manner in which information is provided to the OC for processing that includes the individual responsible for submitting the information and what documentation is specifically required. The OC should develop a standard checklist for new hires by type (faculty, staff, assignment contract, and student) that outlines the best practices and requirements for documentation submissions to the OC for processing that would be implemented across all Institutions. The checklist should include all aspects of the hiring process that would also include the Information Technology Department for any equipment that employee will be provided, Campus Security for the activation of badges and keys to buildings, and Finance if the employee will have a PCard. We understand that the UKG system allows a tracking system for equipment, access, PCards, etc. that an employee may be granted. We recommend that the System utilize this feature in order to centrally track and maintain a listing of System-owned items and access an employee may have. The System should also review the capabilities of UKG to determine if there are features in the software that would allow a new hire checklist to be automated and tracked within the software.

With the implementation of the Recruiting module of UKG, the System should also review the PAF process as a whole to determine if the entire form is necessary to be submitted to the OC. Many of the items from the PAF are now entered into the Recruiting module with the job posting or by the employee themselves through the application process. This data is then transferred into the UKG system, which has eliminated much of the data entry done by the System Employee Specialists. In order to create efficiencies, the PAF should be reviewed to determine if there is redundant information being included and what should be required moving forward.

As a best practice, BerryDunn further recommends that the ticketing system be the means in which information is submitted to the OC for processing as this provides a clear audit trail and acknowledgement when a task has been assigned and completed. The Institution HR should be the individual to submit information to the OC as it relates to new hires, terminations, and modification to a role or rate. We understand that there are several tickets that would continue be submitted at the individual employee level.

### Management Response: October 2021

We agree with the recommendation. As with the response for 5.1, we will explore the use of an automated workflow within UKG that will limit the use of manual processing and create consistency. As the automated workflows are implemented it is expected that tickets requiring manual processing will be dramatically reduced. This conversion will ultimately increase the efficiency of the human resources and payroll processes and reduce the number of steps necessary to process at transaction at both the institutions and the Chancellor's Office.

### Management Update: February 2022

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As mentioned in 5.1, the processes identified for expanding the use of UKG workflow in phase II are terminations and pay rate changes. Implementation is expected in Q1.

### 5.6 Review process over manual pay

Classification: Moderate

Opportunity Identified:

There are several times during the year that an employee may receive a pay that is not routine and is manually calculated. These payrolls would include any retro-pay associated with pay rate increases, final paychecks, and vacation time pay out. Based on inquires and testing, we noted that manual pays are calculated by the System Payroll Manager and processed for payment. There is no formal review over these calculations by an individual other than the preparer.

Recommendation:

BerryDunn recommends that the System consider creating a formal review be performed over the manual payroll calculations to verify the accuracy of the calculation. This review should be performed by an individual outside of the payroll processing function. While developing these additional reviews, the System should consider evaluating the functionalities in UKG and other software packages to explore automated processes and procedures to better leverage available technology.

Management Response: October 2021

We agree with the recommendation. The VSCS has implemented a secondary review of all manual pay calculations. Calculations made by OC Payroll are now review by OC Human Resources and all OC Human Resources calculations are new reviewed by OC Payroll.

Management Update: February 2022

Currently utilized 2 party review of manual pay between HR and payroll. This review is fully implemented and will ongoing.

### 5.7 Vendor Due Diligence Policy

Classification: Moderate

Opportunity Identified:

During our testing and inquiries, we noted that the System does not have process to obtain the System of Organization Controls (SOC) Reports for the applicable third-party service organizations. We also noted that there is no formal process to evaluate these reports on an on-going basis or to review vendor contracts to verify compliance with the terms.

Recommendation:



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BerryDunn recommends that the System consider creating a formal Vendor Due Diligence policy that includes the on-going monitoring and evaluation of outside vendors. This policy should include:

- Reviewing each User Agreement for key terms and deliverables under the agreement in order to track compliance with each User Agreement.
- Determining if the service organization can provide a SOC 1 Type 2 report. This would also include identifying if there are any subservice organization identified in the reports that have been carved out from the primary service organization. If the subservice organization has been carved out, determine if the subservice organization can provide a SOC 1 Type 2 report.
- Reviewing and evaluating the SOC 1 Type 2 reports for the service and subservice organization to determine if there are any findings that could have a potential impact on the System's internal controls.
- Reviewing and evaluating the complementary user controls identified in the reports to determine if these are incorporated into the System's existing internal controls.

### Management Response: October 2021

We agree with the recommendation. New contracts for software acquisition will be reviewed under the new *Hardware and Software Acquisition and Review Policy* which requires OC IT and Security to review and sign off on purchases that contain protected information, financial data, etc. As a part of this review, SOC reports will be collected.

### Management Update: February 2022

A Hardware and Software Acquisition and Review Policy was implemented during Q4FY21. This policy follows a process ensuring that all hardware and software purchases or contract renewals are compatible with the VSC, affiliated institutions, environment, and do not introduce unknown risk.

## 5.8 Enhanced Functionality in UKG

Classification: Low

Opportunity Identified:

Through our discussions with the Institutions and the OC, it was noted that there are several functions related to employee data management, payroll processing, and benefits administration that are currently being performed in a manual function that could be automated through UKG. We understand that the System has contracted with UKG to perform an additional optimization review of the functionality of the Systems in order to provide additional enhanced.

We noted through the discussions the following:

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- Pro-Rate Pay and Final Payout Calculations are performed manually as there is no functionality in UKG to perform these calculations. With these calculations being calculated manually, there is risk due to human error that the calculated are being performed incorrectly resulting in incorrect final pay amounts to employees.
- UKG does not have the ability to administrator employees holding multiple positions. When an employee holds more than one position, only one supervisor can be set up as an approver for time entry. Also when the employee has to enter their time, they have to know the general ledger accounts in which their time should be coded to for the different positions. When the employee selects the general ledger code, UKG does not have the option to include a listing of those general ledger codes relevant to the particular employee, but rather they have the entire list of potential general ledger codes to choose from.
- Due to IRS regulations, student employees are exempt from FICA withholdings. The process to set these employees as exempt is a manual process performed by the System Payroll Manager and requires reviewing records from other Systems.

### Recommendation:

BerryDunn recommends that the System consider working with UKG to determine if there are additional enhancements that could be provided in order to automate or streamline the functions discussed above. We also recommend that the System consider working with UKG to modify the employee set up process to better account for and manage employees with more than one position.

The System should also consider forming a committee that includes representative for each Institution or solicit feedback from the Institution in order to determine any additional enhancements that are needed and to agree to the prioritizing of the enhancements.

### Management Response: October 2021

We agree with the recommendation. The VSCS Human Resources Council is comprised of the lead human resources professional at each institution. This group meets at least monthly and typically weekly to discuss issues of common concern and system improvements will be a key portion of future agendas.

Additionally, we have engaged with UKG for optimization services and will look to implement system improvements regularly.

### Management Update: February 2022

Currently working with UKG for system and HRC on process optimization in biweekly meetings. These efforts are currently ongoing.

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### 5.9 Employee Assistance

Classification: Low

Opportunity Identified:

Through our inquiries at the Institution level it was noted that there is concern and confusion over the resources available to employees for questions on payroll and benefit related topics and the key individual to address specific questions. We understand with the transition to centralize payroll and benefits administration, the individual Institutions do not have a specific payroll or benefits representative on their campus and these functions are maintained within the OC.

Recommendation:

BerryDunn recommends the System consider developing a best practice as to the individuals and/or departments that should be responsible for or considered the point of reference for questions or concerns from the employees. This should be included in the on-boarding documentation as well as published on an employee portal for ease of use and understanding by the employees. The System should establish a method to regularly communicate this information to the employees through emails and training.

Management Response: October 2021

The HR Council will develop best practices for new and existing employees to ensure they have a consistent point of reference for questions or concerns.

Management Update: February 2022

HRC is working on best practice opportunities and are further supported through the transformation sub-team's discovery phase.

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**ITEM 5:      FY2022 Internal Audit Plan Proposal**

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# Internal Audit Plan

## Fiscal Year 2021-2022

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### Chart of Accounts Use and Compliance



## 1. GENERAL INFORMATION

### 1.1 Purpose/Objective

The Internal Audit process is extremely important as it is designed to evaluate and improve the effectiveness of risk management, control and governance processes, as well as add value by improving an organization's operations. Assessing internal processes and controls ensures that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data is obtained, maintained, and fairly disclosed in reports.

The overall objectives of an internal audit are to determine whether the colleges:

- Managed and used resources in an efficient, effective, and economical manner.
- Administered funds in compliance with applicable laws, regulations, policies and procedures.
- Implemented internal controls to prevent or detect material errors and irregularities.

The specific objective in this audit is to:

- Assist management with the assessment of the adequacy of the existing Chart of Accounts and the Vermont State Colleges System's compliance with National Association of College and University Business Officer (NACUBO) Financial Accounting and Reporting Manual (FARM). Due to the size of this internal audit, it is recommended that the review be limited to expenses.

### 1.2 Scope

The Vermont State Colleges internal audit group, through the direction and oversight of the Audit Committee of the Board of Trustees, prepares an internal audit plan, conducts the annual internal audit and issues a final report to the Committee. The audit is of the current fiscal year. The scope of the FY22 internal audit will be an assessment of the Vermont State College's compliance with NACUBO expense classification as well as identification of best practices in multi-institution, multi-campus systems.

#### **Controls Audit**

1. Does the VSC Chart of Accounts effectively meet the expense classifications as outlined in the NACUBO Financial Accounting and Reporting Manual (FARM) for public institutions?
2. Are the VSC members deploying the Chart of Accounts in a way that adheres to both the spirit and the letter of the FARM manual?
3. Is each institution deploying the Chart of Accounts in the same way, allowing for consistent financial reporting across all entities and funds?

4. Is the VSC using a consistent methodology for allocating shared expenses such as administration, operations, management, and information technology that readily supports financial and compliance reporting and is consistent with FARM standards?

### **Best Practices Review**

1. Environmental scan of Chart of Accounts for multi-institution, multi-campus systems.
2. Identify key best practices that will improve VSC financial and compliance reporting.

## **1.3 Overview**

The Vermont State College system is comprised of four institutions of higher education, Vermont Technical College, Northern Vermont University, Castleton University, and the Community College of Vermont, as well as the Office of the Chancellor. Currently, each of the institutions operates as a single business unit in that most administrative functions exist at each location with the exception of the following functions:

- Accounts Payable
- General Accounting
- Grants Compliance
- Benefits Administration
- Payroll Administration

On July 1, 2023 Castleton University, Northern Vermont University, and Vermont Technical College will merge to form Vermont State University. This merger offers the perfect opportunity to review the VSC Chart of Accounts, an internal audit of the VSC's use of its current chart, which has been in place since 2001, will allow the system to set itself up for consistency, streamlined financial reporting, and improved compliance.

Despite its best intentions, the VSC's use of its shared Chart of Accounts has diverged across the system since its inception twenty years ago. Key contributing factors to divergence include inconsistencies in allocation methodologies, misunderstandings in how and why transactions are coded a certain way, and changes in the best practices in financial accounting since its implementation in the early 2000s.

As part of the internal audit the plan will address the two main areas of potential inconsistency and divergence which include employee incurred actions (or inactions) and preventative control flaws. Additionally, the audit will identify the detective controls that are currently in place or should be in place to correct issues after the fact.

The following are examples of employee actions that may cause issues and require post-transaction action or additional review:

- Coding all transactions to the same account number

- Coding transactions to only “open” account numbers
- Inadequate review / coding of purchasing card transactions thus allowing them to flow to the default account
- Failing to split charges across account numbers
- Overly frequent use of “transfer” account numbers
- Budget manager failing to review charges before approving
- Typographical or transposition error

The following are examples of preventive controls should be in place for any expense management system:

- Review and approval of purchasing transactions (including appropriate account number) by budget manager
- Secondary review of journal entries
- Limitation of specific account numbers for certain budgets (i.e. technology accounts only for IT, attorney’s fees only by Legal)
- Standardization of account numbers for all departments

Detective controls are retrospective actions to identify questionable transactions. As implied, these controls identify potential issues after the transactions have occurred, but they cannot stop transactions from occurring. However, detective measures can assist in quickly identifying potential issues. Some of the more common detection controls associated with expense management software

- Monthly review of expense transactions by budget managers
- Periodic and spot auditing of budget transactions by accounting personnel for appropriate coding



## 2. AUDIT EVALUATION

### 2.1 Metrics

#### DESIGN MATRIX (PAYROLL AND BENEFITS ADMINISTRATION)

| <b>Objectives</b>  | <b>Information Required &amp; Sources</b>  | <b>Scope and Methodology</b>  | <b>Limitations</b>  | <b>What this analysis will likely say</b>  |
|--|--|---|---|--|
| <b>What are the objectives this audit is trying to address?</b>  | <b>What information is needed to address the objective? From where will the information be received?</b>   | <b>How will each objective be addressed?</b>  | <b>What are the design limitations and how will it affect the audit?</b>  | <b>What are the expected results of the work?</b>  |
| To determine if the Vermont State Colleges has the appropriate policies and procedures involving the creation, use, and consistent application of NACUBO Financial Accounting standards within its Chart of Accounts and the identification of industry best practices for multi-institution, multi-campus systems | Written policy and procedure documentation.<br><br>Detailed general ledger<br><br>Perceptive Content access (for payables vouchers, journal entries, and purchasing card statements) | Inquiry and review of selected documents in scope to ensure compliance and adequacy of internal controls and compliance with NACUBO FARM standards<br><br>The sample will include transactions across all entities and all natural expense classifications. A statistically significant sampling will be used | The sampling method will not allow us to identify every error or potential misclassification<br><br>A portion of the audit will use inquiry as our testing method; therefore, we will rely on personnel's responses, which is not the most reliable form of supporting documentation. | The audit will be able to report whether or not the internal controls and policies/procedures are functioning properly as designed.<br><br>The VSC will have current written documentation of the existing policies and procedures and will be able to identify and implement best practices to improve accuracy and compliance. |
| The plan is to review the internal controls involving the VSC Chart of accounts and assess the extent that these controls are proper and working as intended   | Interviews and discussions with personnel<br><br>Review of sampling of chart of accounts   | Necessary documents to support good internal control will be collected<br><br>Interviews and walk-throughs with personnel relevant to audit objectives  |   | Recommendations will provide a path forward for improving the overall usefulness of the Chart of Accounts for Financial and Compliance Reporting and will speed the time to "steady state".  |

### 3. AUDIT PLAN

#### 3.1 Method of Internal Audit

The Internal Audit Team will interview staff. At the Chancellor's Office the team will interview finance and accounts payable staff members. At the institutions, the team will interview the chief business officer, controller and/or chief budget officer, and a sampling of budget managers.

The Internal Audit Team will be provided with a detailed (transaction level) general ledger for Fiscal Year 2021 (the most recently completed fiscal year) and access to the supporting data.

The Internal Audit Team will select a statistically significant sample of expense transactions for each institution (relative to the volume of institutional transactions) across all major natural classifications.

The Internal Audit Team will review the expenses against the current chart of accounts for consistency and compliance within an institution and across institutions.

The Internal Audit Team will review the existing chart of accounts against the NACUBO Financial Accounting and Reporting Manual standards.

The Internal Audit Team will provide guidance and written recommendations to management that will assist in the improvement of the use and application of the Chart of Accounts for the Vermont State Colleges.

#### 3.2 Procedures

1. Review written policies and procedures regarding the chart of accounts and associated policies
2. Receive detailed general ledger and access to source documents
3. Select statistically significant sample for each institution and natural expense category
4. Review sample against existing Chart of Accounts Structure
5. Compare the VSC Chart of Accounts with the NACUBO FARM
6. Research best practices
7. Draft report
8. Present to Audit Committee

### 3.3 Roles and Responsibilities

Audit Team (name, role, title, institution)

- Sharron Scott, Chief Financial & Operating Officer
- Toby Stewart, System Controller
- TBD, Audit Staff and/or Staff Augmentation

Due to the workload associated with transformation, it is recommended that the VSC hire a consulting firm to complete the internal audit. This will free up key staff to perform critical transformation related work, and allow the work to be completed in advance of setting up a new or revised Chart of Accounts for the transformed VSC.

Internal Stakeholders

- Board of Trustees
- Chancellor and Presidents
- Deans of Administration
- Collective Bargaining Units
- All current employees, and retirees (faculty, staff, students and retirees)

### 3.4 Milestones

| <b>Activity</b>   | <b>Estimated Completion Date</b> |
|---|----------------------------------|
| <b>Completion of Audit Plan</b>                             | February 7, 2022                 |
| <b>Completion of Audit Fieldwork / Report to Management</b> | March 25, 2022                   |
| <b>Comments back from Management</b>                        | April 1, 2022                    |
| <b>Final Report Issued to Audit Committee</b>               | April 7, 2022                    |
| <b>Vermont State Colleges Audit Committee Review</b>        | April 11, 2022                   |