

MEMORANDUM

TO: Clerk of the House
House Committee on Corrections and Institutions
Senate Committee on Institutions

FROM: David Mears, Commissioner, Department of Environmental Conservation

DATE: January 10, 2014

SUBJECT: Status of Close-out Audits for Project Grants Funded with Capital Funds

Pursuant to 2013 Act 51 Sec 43(b), I am attaching a report to address Section (b) which states “On or before January 15, 2014, the Secretary of Natural Resources shall report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the status of close-out audits of project grants funded with capital funds.”

Please contact Eric Blatt, Director, or Winslow Ladue, Program Manager, Facilities Engineering Division, if you have any questions regarding this report or would like additional copies. Mail can be sent to Facilities Engineering Division, 1 National Life Drive, Main Building, 1st Floor, Montpelier, VT 05610-3510, telephone number (802) 585-4901, eric.blatt@state.vt.us.

cc: Mr. John Bloomer, Secretary of the Senate
Mr. Donald Milne, Cleric of the House
Eric Blatt, DEC
Winslow Ladue, DEC

**REPORT ON THE STATUS OF CLOSE-OUT AUDITS OF PROJECT
GRANTS FUNDED WITH CAPITAL FUNDS**

STATE FISCAL YEARS 2013 - 2014

2013 Act No. 51. Section 43 (b)

Submitted to the Vermont General Assembly By:

Department of Environmental Conservation

Agency of Natural Resources

January 10, 2014

Agency of Natural Resources

Department of Environmental Conservation

Status of Close-out Audits for Project Grants Funded with Capital Funds

State Fiscal Years 2013 - 2014

The following report is submitted pursuant to Act 51 Sec 43(b) of the 2013 legislative session which requires the Secretary of the Agency of Natural Resources to provide the House Committee on Corrections and Institutions and the Senate Committee on Institutions with a report on the status of close-out audits of project grants funded with capital funds.

Close-out audits are completed on Clean Water and Drinking Water projects funded entirely or in part with state capital funds administered by the Department of Environmental Conservation Facilities Engineering Division. Clean Water projects include wastewater pollution control and stormwater projects. Drinking Water projects include source, treatment, distribution and storage tanks for public water systems. Capital funds are used to support both state grants for projects as per Title 10, Chapter 55, and to provide the required state match for federal grants that fund the Clean Water and Drinking Water State Revolving Loan funds as per Title 24, Chapter 120.

Status of Close-Out Audits for Project Grants Funded with Capital Funds			
Funds			
<u>Number of Close-Out Audits Completed in Calendar Year</u>			
	Grants	Loans	
2000	9	15	
2001	14	12	
2002	14	12	
2003	3	10	
2004	4	10	
2005	7	19	
2006	0	6	
2007	9	16	
2008	4	4	
2009	7	35	
2010	5	47	
2011	1	14	
2012	2	41	
2013	4	60	
	Grants	Loans	Totals
Total Completed 2000-2013	83	301	384
Ready for Audit	19	277	296

The number of close-out audits per year depends on complexity of project and funding, number of project auditors, and training and experience of auditors. Recently close-out audits have focused on loans rather than grants due in part to recently hired new staff and complexity of accounts, level of backlog, and the result of legislative reallocation reducing the amounts of funds that can be released from close-out audits for grants funded projects. The Department has approved the hiring of an additional temporary position to assist with close-out audits.