

# Appendix to the State Single Audit Guidelines for Programs from the Department of Agriculture, Trade & Consumer Protection



20102011

**Appendix to the State Single Audit Guidelines  
for Programs from the  
Department of Agriculture, Trade & Consumer  
Protection**

~~2010~~**2011**

**Table of Contents**

*If viewing in Word, click on the page number for a section to jump to that section.*

	<i>Page Number</i>
<b>1 Introduction .....</b>	<b>1-2</b>
<b>1.1 Programs subject to an audit.....</b>	<b>1-2</b>
<b>1.2 Designated state major programs .....</b>	<b>1-2</b>
<b>1.3 Designated Type A programs .....</b>	<b>1-2</b>
<b>1.4 Funding sources .....</b>	<b>1-2</b>
<b>1.5 Department information .....</b>	<b>1-3</b>
<b>1.6 Effective date.....</b>	<b>1-3</b>
<b>1.7 Contact the department .....</b>	<b>1-3</b>
<b>2 Program specific guidance .....</b>	<b>2-1</b>
<b>2.2 Soil and Water Resource Management Grant Program – Introduction.....</b>	<b>2-5</b>
2.2.1 County Staff and Support .....	2-6
2.2.2 Land and Water Resource Management (LWRM) Plan Implementation Projects.....	2-10

# Appendix to the State Single Audit Guidelines For Programs from the Department of Agriculture, Trade & Consumer Protection

~~2010~~2011

## 1 Introduction

This document is part of the *State Single Audit Guidelines*, and it should be used only in context of the *Guidelines* as a whole. The *Guidelines* consist of two parts: the main document, which describes the state's single audit policy in general terms, and the department-specific appendices, which detail audit requirements for programs from the respective departments. An auditor planning an audit needs to consult the main document and the appendices for each of the departments that provided funding to the auditee. For example, if the auditee received funding from the Department of Agriculture, Trade & Consumer Protection (DATCP) and the Department of Health and Family Services (DHFS), the auditor will need the main document, this appendix for DATCP programs, and the DHFS appendix. The main document and all appendices are online at [www.ssag.state.wi.us](http://www.ssag.state.wi.us).

### 1.1 Programs subject to an audit

The Department of Agriculture, Trade & Consumer Protection has not excluded any of its programs from audit coverage.

### 1.2 Designated state major programs

The Department of Agriculture, Trade & Consumer Protection has not designated any specific programs to be state major programs (see Section 3.4 of the Main Document, online at [www.ssag.state.wi.us](http://www.ssag.state.wi.us)).

### 1.3 Designated Type A programs

The Department of Agriculture, Trade & Consumer Protection designates the following low-risk programs as Type A programs that must be tested at least once every three years.

#### Type A programs

Section 2.2.1 County Staff and Support

Section 2.2.2 Land and Water Resource Management (LWRM)

The Department of Agriculture, Trade & Consumer Protection confirms revenue and expenditure amounts for its contracts through information in the audit report. Therefore, the department does NOT accept letter notification for clean audits.

### 1.4 Funding sources

Information on federal and state funding sources for programs from the Department of Agriculture, Trade & Consumer Protection is online at [www.ssag.state.wi.us](http://www.ssag.state.wi.us).

#### **4.61.5 Department information**

The website for the Department of Agriculture, Trade & Consumer Protection <http://datcp.state.wi.us> provides information concerning the department's programs.

#### **4.71.6 Effective date**

This revision of the *Appendix to the State Single Audit Guidelines for Programs from the Department of Agriculture, Trade & Consumer Protection* is effective for audits of years ending on or after December 31, ~~2010~~2011.

#### **4.81.7 Contact the department**

Questions or comments on the *Appendix to the State Single Audit Guidelines for Programs from the Department of Agriculture, Trade & Consumer Protection* can be referred to:

Nadine Konrath  
Department of Agriculture Trade & Consumer Protection  
P O Box 8911  
Madison, WI 53708-8911

Nadine.Konrath@wi.gov  
(608) 224-4767

Audit reports must be submitted to the department. **The preferred method of receiving the audit reports is through ~~by way of~~ email, however we will accept ~~or~~ reports via ~~mailed using~~ the US Postal Service.** Email and location addresses are listed above.

## 2 Program specific guidance

This section includes compliance supplements for the following programs:

- [Section 2.1](#) Clean Sweep Program
- [Section 2.2](#) Soil and Water Resource Management Grant Program – Introduction
- [Section 2.2.1](#) County Staff and Support
- [Section 2.2.2](#) Land and Water Resource Management (LWRM) Plan Implementation Projects

## 2.1 Clean Sweep Program

State identification number 115.04

### I. PROGRAM OBJECTIVES

Since 1990, the Department has offered Wisconsin farmers and agricultural businesses opportunities to dispose of unwanted pesticides and other hazardous farm chemicals through the Agricultural Clean Sweep program.

In 2003, Wisconsin Act 33 transferred the Household Hazardous Waste (HHW) Grant program from the Department of Natural Resources (DNR) to the Department of Agriculture, Trade and Consumer Protection. The HHW grant program allows homeowners to dispose of unwanted pesticides, cleaners, paints and solvents. Both agricultural (Ag) and HHW programs operate under rule ATCP 34 as the Wisconsin Clean Sweep program.

In 2007 Wis. Act 20 authorized DATCP to expand the Clean Sweep grant program to include grants for county and local governmental units to collect unwanted prescription drugs. In 2008, a pilot Prescription Drug Collection Grant program was introduced and grants were provided to safely dispose of unwanted or expired prescription medications.

### II. PROGRAM PROCEDURES

Wisconsin Clean Sweep operates as an annual, competitive grants program for Wisconsin local governments. Only counties and county-related units of government, e.g., regional planning commissions, can receive Ag grants. Any unit of government can seek HHW or prescription drug collection grants. Applicants must indicate what grant type(s), Ag and/or HHW or prescription drug, they are seeking and whether they are seeking funds for a temporary (one-day) event or continuous (permanent) collection grant. ~~Prescription Drug grants are offered under a separate competitive grant program.~~ Each grant type has its own grant maximum.

Counties, cities, towns and villages, along with special units of government, submit proposals to the Department containing estimates of potential waste collection volumes, participation and costs. Units of government may collaborate on one grant application, provided each is not within the geographic boundary of any other. This is a “multi-government” application. Applications must demonstrate the ability to provide a minimum 25% cost-share of the final total project amount. Annual grant maximums are established by the Department at the start of the application process. On collection day, under ATCP 34, county collection site managers with both Ag/HHW grant types can transfer up to 50% from the HHW grant to the Ag grant or vice versa.

Businesses with ag pesticides and farm chemicals are eligible for assistance through the Very Small Quantity Generator (VSQG) program. Per ATCP 34, the department offers a co-pay for the disposal of these ag chemicals. Unless changed by the department administrator, the co-pay is 50%.

### III. COMPLIANCE REQUIREMENTS and SUGGESTED AUDIT PROCEDURES

#### A. TYPE OF SERVICES ALLOWED OR UNALLOWED

##### *Compliance Requirements*

Eligible costs for one-day events include costs related to agricultural, household chemical and prescription drug waste disposal, public information program activities (e.g.,

brochures, mailings, posters, signs) and collection day expenses (e.g., rolloff box, volunteer food). Eligible costs for permanent collections include costs related to waste disposal, public information program activities and facility support needs (e.g. supplies, labor, equipment rental). Governments with permanent collections may receive reimbursement for local staff **working directly on the collection, such as handling and packing, directing traffic, or sorting medications.** ~~conducting waste handling and packing duties.~~

#### *Suggested Audit Procedures*

1. Review “Wisconsin Clean Sweep Local Expense Worksheets” for one-day and permanent collections, “In-Kind Documentation and Expense Reimbursement Form” for permanent collections and “Project Cost Worksheet” for one-day collections submitted with Final and Mid-Year reports to verify that only eligible costs were claimed.
2. For collections with VSQG activity, confirm that the proper co-pay amount was transferred to either the “Project Cost Worksheet” or the “In-Kind Documentation and Expense Reimbursement Form” from VSQG spreadsheets or reporting documents completed by the hazardous waste contractor or permanent collection site staff.

### **B. MATCHING, LEVEL OF EFFORT AND EARMARKING REQUIREMENTS**

#### *Compliance Requirements*

All grantees must provide cost-share contributions at a minimum of 25% of the final total project amount. Contributions are ordinarily in the form of in-kind labor, supplies, local services, or building rent. Direct cash payments may also be used but have become rare.

#### *Suggested Audit Procedures*

Review reimbursement request in final reports to verify that the minimum 25% cost-share contribution has been provided by examining the “Wisconsin Clean Sweep Project Cost Worksheet” for one-day collections and the “In-Kind Documentation and Expense Reimbursement Form” for permanent collections. For fiduciary purposes, a multi-governmental request is equivalent to a single organization grant request with regard to reporting requirements.

NOTE: Between 2002 and 2008, a formal contract amendment was required when local governments received overage assistance beyond contracted grant amounts. Local governments were not required to provide a minimum 25% cost-share contribution for overage assistance. Beginning in 2009, no overage assistance was allowed.

### **C. REPORTING REQUIREMENTS**

#### *Compliance Requirement*

Local governments must submit a final report with forms, and it must be consistent with requirements listed in ATCP 34.18. Local governments must establish and maintain an accounting and recordkeeping system that fully and clearly accounts for the receipt, handling and disposition of all DATCP grant funds they receive and includes records of work performed, disposal invoices, and activities supporting each request for

reimbursement.

*Suggested Audit Procedures*

Reconcile the local government's reimbursements received from DATCP and the amount identified and reported as Beginning Balance, Expenditures, State Aid or Grant Receipts or Revenues Received, and Ending Balance or Deferred Revenues in the local government's *Schedule of Federal and State Financial Assistance* for calendar year ~~2010~~2011.

## **2.2 Soil and Water Resource Management Grant Program – Introduction**

Soil and Water Resource Management (SWRM) program administered by the Department of Agriculture, Trade and Consumer Protection (DATCP) provides financial assistance to county Land Conservation Committees (LCCs) through an annual allocation plan and county grant contracts as part of a statewide effort to reduce soil erosion and prevent water quality problems. DATCP may award state funds to county LCCs for activities to be conducted in the following project categories:

**115.15** County Staff and Support

**115.40** Land and Water Resource Management (LWRM) Implementation Projects

The Department has declared these two programs to be Type A programs consistent with Section 3.4 of SSAG. For each of these programs, DATCP requires the county to report in their Schedule of Federal and State Financial Assistance or as a supporting report: the beginning balance, revenues received from DATCP, expenditures and ending balance.

## 2.2.1 County Staff and Support

*State identification number 115.15*

### I. PROGRAM OBJECTIVES

DATCP may award annual grants to eligible county Land Conservation Committees (LCCs) for staff and support that reimburse counties for staff salaries and fringe benefits, independent contractor fees, training, and eligible support costs.

### II. PROGRAM PROCEDURES

Participation in this program is optional.

DATCP awards annual funding as part of a joint allocation plan with the Department of Natural Resources (DNR) to each county that applies for funding and has a DATCP-approved land and water resource management plan.

DATCP staff prepares a grant contract for each county's allocated funds. This contract includes:

- 1. the total grant amount allocated to the county, including any revisions to date;
- 2. the subtotal amount allocated from each of these fund sources: general purpose revenues, segregated fund revenues, bond revenues, and;
- 3. grant terms and conditions.

DATCP reimburses counties for eligible expenditures up to the amount of the county's annual grant award. A county must use an annual staffing grant in the year for which it is awarded. Counties may submit no more than two reimbursement requests for each calendar grant year; its first request may be submitted on or after July 1 for eligible costs incurred before July 1. A county may file a second reimbursement request for costs incurred on or after July 1. A county must file all reimbursement requests by February 15 following the grant year.

Counties may request permission from DATCP to (1) reallocate staff and support funds to another county agency, local government, or tribe, or (2) redirect a portion of its staffing grant to cost-share conservation practices for landowners.

### III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

#### A. TYPES OF SERVICES ALLOWED OR UNALLOWED

*Compliance Requirements for allowable costs:*

1. State funds for county staff and support must be expended according to the grant award contract entered into between DATCP and the county LCC. DATCP may amend the grant contracts to reflect a change in the amount or type of grant awards.
2. Counties have maximum flexibility to seek reimbursement for eligible staff and support costs: a county may seek reimbursement for any combination of staff salaries, fringe benefits, independent contractor fees, training, and eligible support costs, as long as the county provides the required county match for staff salaries, fringe benefits, and contractor fees. For match requirements, see *Compliance Requirements B.2.*

3. DATCP only reimburses counties for soil and water resource management activities performed by staff and independent contractors. Soil and water resource management activities may include activities allowed by ch. ATCP 50 (including activities documented in the county land and water resource management “LWRM” plans) and the Conservation Reserve Enhancement Program (CREP), and activities related to DNR notices of discharge under ch. NR 243.
4. In addition to staffing costs, counties may seek reimbursement for the training and support costs if they separately request reimbursement for these costs.

Training costs are allowable if the following guidelines are met:

- Funds may be used only for appropriate training including: (a) training in management, conservation planning, technical assistance, clerical assistance, computer usage, and communications; and (b) courses that will help the employee perform current responsibilities or develop skills for career advancement. Funds may be used for professional journals that will help improve job performance (e.g., *The Journal of Soil and Water Conservation*).
  - Funds may be used for training of land conservation committee (LCC) members; land conservation department (LCD) employees, full-time or part-time, working under the direction of the LCC or the county conservationist; and other county staff persons paid with SWRM funds.
  - Funds may be used for “out-of-pocket expenses” including registration, tuition, or other fees associated with training; travel to and from the event if the training event is outside of the primary work location; lodging and meals; and the purchase of training materials associated with an event.
5. Allowable support costs include the following costs incurred in connection with the support of a county employee:
    - X. • Mileage expenses at the state rate. A staffing grant may not be used to lease or purchase vehicles.
    - + • Personal computers, software, printers, and related devices.
    - • Office supplies, including paper, copying, printing, and postage.
    - • A proportionate share of the costs of required financial and compliance audits.
    - + • Costs for information and education materials, newsletters, maps, and plats. This does not include rent or capital expenditures.
    - 4. • Other staff support costs identified by the department in the grant application as being reimbursable. (Counties will be provided notice of additional allowed costs in their contracts with DATCP.)

***Compliance Requirements for unallowable costs:***

6. Counties cannot use DATCP funds to pay for staff and contractor work unrelated to soil and water resource management activities. Unallowable activities may include land management, planning and zoning, parks and recreation, and public health, unless the activities are sanctioned by the county’s LWRM plan.

7. Training costs that not allowable include:
  - Funds used to pay for the trainee's time, on-the-job training, or other expenses not meeting the definition of "out-of-pocket expenses".
  - Funds used to pay for the annual membership in the Wisconsin Land and Water Conservation Association (WLWCA) and Wisconsin Association of Land Conservation Employees (WALCE).
  - Funds used for newspaper subscriptions, personal use publications, or educational materials not for the specific use of LCD staff.
8. The following expenses are not allowable support costs: travel expenses, including fuel, vehicle leases, meals, lodging, office equipment and furnishings, including desks, chairs, calculators, drafting equipment, and file cabinets, office rent, telephone and internet connection charges for agents of the county.

#### *Suggested Audit Procedures*

1. Review the appropriate grant contract(s) for information regarding the amount of award and conditions.
2. Review expenditure records and supporting documentation to determine if they are allowable under the program or grant award contract(s).
  - 4.a. For any county that received over \$2,000 in reimbursement from DATCP for support costs, examine the receipts for items claimed as support costs to determine if they are allowable expenditures. Determine if computers or software purchased with program funds are used by departments other than the LCD for non-SWRM purposes.
  - 4.b. For any county that received over \$2,000 in reimbursement from DATCP for training, examine receipts for items claimed as training costs to determine allowability of expenditures under training guidelines.

### **B. REIMBURSEMENT and MATCHING FOR STAFF AND SUPPORT COSTS**

#### *Compliance Requirements*

1. Counties request reimbursement using a DATCP form , by which the county certifies that it has fully paid the costs for which the county seeks reimbursement and that those costs are eligible for reimbursement.
2. For eligible county costs for employee salaries/fringe benefits and contractor fees, DATCP reimburses at different rates depending on the county designation in the reimbursement request. On each reimbursement, counties designate a staff person or contractor as their first, second and third positions. For the first position, DATCP pays 100 percent of the costs and no match is needed; for the second, DATCP pays 70 percent of the costs with county providing a 30 percent match, and for third, DATCP pays 50 percent of the costs with county providing a 50 percent match,. If a county makes a second request for reimbursement, it may vary the designation of staff and contractors from those in the first request, changing who is claimed as first, second and subsequent staff persons. For the purposes of reimbursement, independent contractors are treated the same as staff, and **not** as support items.

3. *Except* for the one staff person or contractor designated as the 100% position, the county must meet a matching requirement for any staff or contractor listed on a reimbursement request. The matching requirement may be met with county levy funds, federal funds, grants from third parties, and state funds not related to the nonpoint pollution abatement program.
4. To seek reimbursement for staff salaries/fringe benefits and contractor fees, counties must maintain accurate time reporting and payment documentation that supports the reimbursement request. Counties must maintain all supporting documentation for the number of years identified in the contract.
5. If DATCP approves reallocation of staffing and support cost funding to another agency of the county, city, village, towns, county drainage board, lake district or a tribe operating in the county and if the staff worker(s) is not a county employee, no matching fund amount is required.
6. DATCP may reimburse eligible county training and support costs at 100 percent.

*Suggested Audit Procedures*

1. On each reimbursement request, identify the three persons (including any independent contractor) with the highest dollar amounts requested, Verify that the county has supporting documentation in the form of time sheets and billing records for staff salary and fringe benefit costs or contractor fees submitted for reimbursement.
2. For any county that received over \$2,000 in reimbursement from DATCP for support costs, verify documentation to determine if the county incurred all of the support costs for which they obtained DATCP reimbursement at 100%.
3. For any county received over \$2,000 in reimbursement from DATCP for training costs, review documentation to determine if county incurred all of the training costs for which they obtained DATCP reimbursement at 100%.
4. For each staff person or independent contractor identified in step 1 above who is not reimbursed at 100%, verify that the source of “matching” funds is county levy or other funds appropriate for matching.

**C. REPORTING REQUIREMENTS**

*Compliance Requirement*

1. Counties must establish and maintain an accounting and recordkeeping system that fully and clearly account for the receipt, handling and disposition of all DATCP grant funds that the LCC receives, and includes accurate records of work performed and activities conducted that support each request for reimbursement.

*Suggested Audit Procedures*

1. Reconcile the county’s reimbursements received from DATCP and the amounts identified and reported as Beginning balance, Expenditures, State Aid or Grant Receipts or Revenues Received, and Ending balance or Deferred Revenues in the county’s *Schedule of Federal and State Financial Assistance* for calendar year ~~2010~~2011.

## 2.2.2 Land and Water Resource Management (LWRM) Plan Implementation Projects

*State identification number 115.40*

### I. PROGRAM OBJECTIVES

DATCP may award annual grant funds to county Land Conservation Committees (LCCs) for landowner cost-sharing to install conservation practices needed to comply with (a) ATCP 50.04 (b) state and local regulations identified in the county's land and water resource management (LWRM) plan and (c) objectives identified in the county's LWRM plan.

### II. PROGRAM PROCEDURES

County participation in this program is optional.

DATCP awards annual funding as part of a joint allocation plan with the Department of Natural Resources (DNR) to each county that applies for funding and has a DATCP-approved land and water resource management plan.

As part of its final joint allocation plan, DATCP may award bond revenue and SEG funds to counties for landowner cost-sharing. DATCP staff prepares an annual grant contract for each county's allocated funds. The contract includes (a) the amount of cost-sharing allocated by DATCP to the county, (b) the subtotal amount allocated from each of these fund sources: general purpose revenues, segregated (SEG) fund revenues, and bond revenues, (c) any project funding extensions granted by DATCP on the previous year's projects, and (d) grant terms and conditions.

Bond revenue funds awarded for landowner cost-sharing may not be used to finance any "soft" practices (because they do not qualify as "capital improvements"). Bond revenue funds may be used to finance engineering services provided in connection with a cost-shared practice, except if those services are provided by county employees or independent contractors working for the county.

SEG funds cannot be used to pay for capital improvements but can be used for soft practices such nutrient management, pesticide management, residue management and strip-cropping.

The grant contract may be amended to include cost-share funds transferred between counties. A signed transfer form (ARM-LWR-407), approved by DATCP, serves as an amendment to the grant contracts for both the transferring and receiving county.

In any grant year, DATCP may set aside reserve of bond revenue funds or SEG funds to make awards to counties for specific cost-sharing projects, including farms where landowners are subject to Notice of Intent (NOI) or Notice of Discharge (NOD). DATCP may transfer funds from the reserve to counties that meet eligibility requirements and request a transfer using ARM-LWR-434. The DATCP approved transfer form will amend the county's grant contract to reflect an increased cost-sharing funding.

DATCP makes payments to counties for landowner cost-sharing on a reimbursement basis. To obtain reimbursement for cost-share payments, a county must have a cost-share contract with the landowner, and submit certification that the cost-shared practice(s) have been properly installed and paid. A county may seek reimbursement for partial payment if the completed portions of a

cost-share practice provide an independent conservation benefit. Counties are encouraged to submit reimbursement requests as projects are completed during the year but they must file their reimbursement requests no later than February 15<sup>th</sup> following the grant year.

Counties may not seek reimbursement for costs incurred after December 31 of the grant year (or paid after January 31 of the following year). If a landowner signs a cost-share contract, for which there is available funding, by December 31 of a grant year, but does not complete that contract in that grant year, DATCP may extend funding for one more year. A county may use extended funds to complete any extended project but may not use these funds for new projects initiated in the grant year.

### **III. COMPLIANCE REQUIREMENTS and SUGGESTED AUDIT PROCEDURES**

#### **A. TYPES OF SERVICES OR PURCHASES ALLOWED OR UNALLOWED**

##### *Compliance Requirements*

1. A county must implement cost-containment procedures (such as competitive bidding or other procedures described in ch. ATCP 50, Wis. Admin. Code) to ensure that costs are reasonable.

##### *Suggested Audit Procedures*

1. Determine whether the county follows procedures that are effective in containing costs, including competitive bidding, or the use of typical or maximum acceptable costs for conservation practices.

#### **B. REPORTING REQUIREMENTS**

##### *Compliance Requirements*

1. Counties must establish and maintain an accounting and recordkeeping system that fully and clearly account for the receipt, handling and disposition of all DATCP grant funds that the LCC receives, and includes accurate records of cost-sharing provided and activities conducted that support each request for reimbursement.
2. A county must retain the following records related to grants:
  - Copies of all county cost-share contracts with landowners, including any provisions related to operation and maintenance of installed practices;
  - Evidence of all information that the county certifies to DATCP (see section 2. below for acceptable certification documentation), landowner payments and practice installation according to technical standards;
  - Documentation of all county receipts and payments; and
3. A county must retain documentation verifying that:
  4. A landowner made all payments for a cost-shared practice for which the landowner is responsible;
  5. A cost-shared practice, including a nutrient management plan, is designed and installed according to ATCP 50 standards,

##### *Suggested Audit Procedures*

1. For all completed cost-share contracts of \$14,000 or more, and at least one completed contract of less than \$14,000, determine if the county has all supporting documentation—corresponding installation receipts and payments—in its possession.
2. ~~2.~~ Reconcile the county's reimbursements received from DATCP and the amounts identified and reported as Beginning balance, Expenditures, State Aid or Grant Receipts or Revenues Received, and Ending balance or Deferred Revenues in the county's Schedule of Federal and State Financial Assistance for calendar year ~~2010~~2011.

