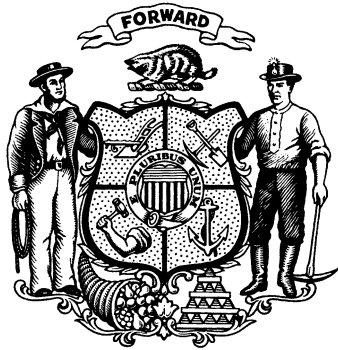


Appendix to the State Single Audit Guidelines for Programs from the Department of Agriculture, Trade & Consumer Protection



20102012

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

~~2011~~2012

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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.

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).

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 2.23.1	County Staff and Support
Section 2.23.2	Land and Water Resource Management (LWRM) Plan Implementation Projects

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1.4 Letter notification

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.

1.5 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.

1.6 Department information

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

1.7 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.

1.8 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~~ Megan Shaw
Department of Agriculture Trade & Consumer Protection
P O Box 8911
Madison, WI 53708-8911

~~Nadine.Konrath@wi.gov~~ Megan.Shaw@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-three days or less) 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 another. 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~~ **temporary** 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~~ temporary and permanent collections, “In-Kind Documentation and Expense Reimbursement Form” for permanent collections and “Project Cost Worksheet” for ~~one-day~~ temporary 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~~ temporary 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~~20112012.

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 for staff and support, 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.

A county's annual grant award for staff and support is included in its annual contract signed with DATCP.

Counties may seek reimbursement for eligible expenditures up to the amount of the county's annual grant award. Counties may submit no more than two reimbursement requests for each calendar grant year.

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 an annual grant award contract entered into between DATCP and the county LCC, and any amendments thereto.
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 (SWRM) activities performed by land conservation department (LCD) 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. Counties may obtain reimbursement for training costs (e.g. registration, travel, training

materials) incurred on behalf of LCC members and LCD employees, full-time or part-time for (a) training in management, conservation planning, technical assistance, clerical assistance, computer usage, and communications; or (b) courses that will help the employee perform current responsibilities or develop skills for career advancement.

5. Counties may obtain reimbursement for the following costs incurred in connection with the support of a county employee:
 - 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.
 - 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 seek reimbursement for staff and independent contractor work unrelated to soil and water resource management activities. Ineligible work includes land management, planning and zoning, parks and recreation, and public health, unless the activities are authorized by the county's LWRM plan.
7. Counties cannot seek reimbursement for these 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).
 - 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 purposes unrelated to the grant.
 - 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 the county sought reimbursement for membership fees in professional organizations and other costs not related to training.

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 of the possible request for 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. 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.
3. 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 should have records to establish all of the external funding sources used to pay for county staff and independent contractors.
4. DATCP may reimburse eligible county training and support costs at 100 percent.

Suggested Audit Procedures

1. On each of the two possible reimbursement request, identify the three persons (including any independent contractor) with the highest dollar amounts for which the county requested reimbursement. 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. Ensure that the county did not seek reimbursement for the same work performed by a staff person or independent contractor from more than one external funding source.
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%.

C. REPORTING REQUIREMENTS

Compliance Requirement

1. Counties 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 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 ~~2011~~2012.

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) farm runoff control standards and practices, (b) state and local regulations, and (c) objectives identified in the county's land and water resource management (LWRM) plan.

II. PROGRAM PROCEDURES

County participation in this program is optional.

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

DATCP's funding for these grants comes from two sources that determine the use of the dollars for cost-sharing:

1. Bond revenue funds may only be used for cost-sharing conservation practices that are capital improvements such as the construction of a manure storage facility. Bond revenue funds also may be used to finance a percentage of engineering services provided by persons not affiliated with the county to design and install a cost-shared practice.
2. 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.

A county's annual grant award for landowner cost-sharing is included in its annual contract signed with DATCP. The grant contract specifies the amount of bond revenue and SEG grant funds awarded for cost-sharing, and includes funds extended from the prior year for incomplete projects. Counties may seek reimbursement for eligible expenditures on cost-shared projects up to the amount of the county's annual grant award, except that extended funds can only be claimed for specific projects.

The grant contract may be amended to include cost-share funds transferred to the county by another county, or special award to the county from DATCP for specific cost-sharing projects, including farms where landowners are subject to Notice of Intent (NOI) or Notice of Discharge (NOD).

Up to their annual grant awards from DATCP, counties may seek reimbursement for conservation practices installed on farms and other land if the county submits:

1. A copy of the fully executed cost-share contract identifying the cost-shared practice(s) for which reimbursement is claimed.
2. A reimbursement request and a certification, on an approved DATCP form, listing the costs for which reimbursement is claimed, and certifying that the cost-shared practice(s) have been properly installed and paid for.

As part of the reimbursement request, a county must verify that it possesses the appropriate

payment and other documentation for installed practices. Counties may file reimbursement requests with DATCP as projects are completed during the year but cannot file requests after February 15 following the grant year.

Counties may not seek reimbursement from DATCP for costs incurred after December 31 of the grant year (or paid after January 31 of the following year).

III. COMPLIANCE REQUIREMENTS and SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES OR PURCHASES ALLOWED OR UNALLOWED

Compliance Requirements

1. As a condition for seeking reimbursement for cost-share expenditures, a county must implement cost-containment procedures as specified in s. ATCP 50.40(16), Code, which include a requirement for competitive bidding involving the cost-share contract exceeding \$25,000.

Suggested Audit Procedures

1. Determine whether the county has cost containment procedures, including competitive bidding requirements.
2. Determine whether the county used competitive bidding on any projects that exceeded \$25,000 in total project cost.

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 financial records for any project for which reimbursement is claimed:
 - A cost-share contract and any change orders documenting the conservation practice(s) installed, the total cost of the practices installed, and the portion of project cost-shared with DATCP funds.
 - Proof that the landowner paid contractors and other vendors for installing the cost-shared practice(s), except that the county may make payments to a vendor using a multi-party check made payable to the landowner and the vendor.
 - Proof that the county has reimbursed the landowner for payments made by the landowner for practice installation.
 - The following may serve as proof of costs incurred and payments made: statements, invoices canceled checks with vendor contract, or written receipts with vendor contract for all supplies and services provided by contractors for this project. For landowner installation and maintenance services, invoices and cost-estimates are acceptable.
3. All cost-share contracts that exceed \$14,000 must be recorded with the county register of

deeds before the county makes any cost-share payment to the landowner.

Suggested Audit Procedures

1. For all completed cost-share contracts of \$14,000 or more (should include recording information on the first page), 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. For each cost-share project reviewed, the file should have receipts and payments that validate costs of the project for which reimbursement was requested.
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 ~~2011~~2012.