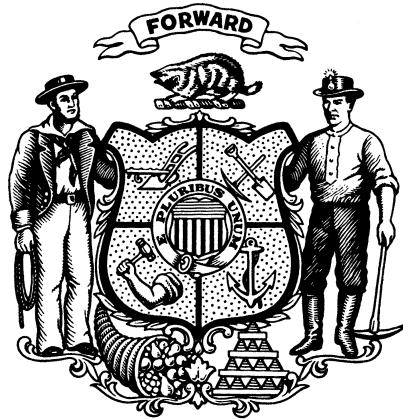


Appendix to the State Single Audit Guidelines for Programs from the Department of Agriculture, Trade & Consumer Protection



2018

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

2018

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Appendix to the State Single Audit Guidelines For Programs from the Department of Agriculture, Trade & Consumer Protection 2018

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 <https://doa.wi.gov/Pages/StateFinances/State-Single-Audit-Guidelines.aspx>.

1.1 Programs subject to an audit

The Department of Agriculture, Trade & Consumer Protection has identified programs requiring audit coverage in Section 1.3 below.

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 <https://doa.wi.gov/Pages/StateFinances/State-Single-Audit-Guidelines.aspx>).

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) Plan Implementation Projects

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 <https://doa.wi.gov/Pages/StateFinances/State-Single-Audit-Guidelines.aspx>.

1.6 Department information

The website for the Department of Agriculture, Trade & Consumer Protection <https://datcp.wi.gov/> provides information concerning the department's programs. Specific information about the soil and water resource management (SWRM) grants program can be found at https://datcp.wi.gov/Pages/Programs_Services/SWRMGrantProgramWorkingManual.aspx

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, 2018.

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:

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

datcpsingleaudit@wisconsin.gov
608-224-4750

Audit reports must be submitted to the Department. The preferred method of receiving the audit reports is through email; however, we will accept reports via 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, Wisconsin 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. A Prescription Drug Collection Grant program was introduced and grants were provided to safely dispose of unwanted or expired prescription medications (Rx).

II. PROGRAM PROCEDURES

Wisconsin Clean Sweep operates as an annual, competitive grant 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 unwanted prescription drug collection grants. Applicants must indicate what grant type(s) they are seeking (Ag and/or HHW, Rx), and whether they are seeking funds for a temporary event (collections of three days or less) or continuous collection grant (collections of four days or more). Each grant type has its own grant maximum. A permanent collection accepts chemical waste or prescription drugs at least six months of the year and has permanent infrastructure.

Counties, cities, towns and villages, along with special units of government, submit proposals to the Department containing estimates of potential waste collection costs and other expenses. 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. Applicants 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. 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. Municipalities with both a HHW grant and a Rx grant can transfer unused Rx funds to cover HHW expenses.

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 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 temporary events include costs related to agricultural, household chemical and unwanted 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 continuous and permanent collections include costs related to waste disposal, public information program activities and facility support needs (e.g. supplies, labor, equipment rental) and reimbursement for local staff working directly on the collection, such as handling and packing or directing traffic.

Suggested Audit Procedures

1. Review the “Expense Reimbursement and Match Worksheet” submitted for all grant types as part of final reports to verify that only eligible costs were claimed. Optional worksheets may also be submitted for labor or local expense calculations if needed.
2. For collections with VSQG activity, confirm that the proper co-pay amount was transferred to the “Expense Reimbursement and Match Worksheet” from VSQG spreadsheets or reporting documents completed by the hazardous waste contractor/ collection site staff.
3. Verify that the hazardous waste contractor invoice is included with the final report.

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.

Suggested Audit Procedures

Review reimbursement request in final reports to verify that the minimum 25% cost-share contribution has been provided by examining the “Expense Reimbursement and Match Worksheet”. For fiduciary purposes, a multi-governmental request is equivalent to a single organization grant request with regard to reporting requirements.

C. REPORTING REQUIREMENTS

Compliance Requirement

Local governments must submit a final report with forms, and it must be consistent with requirements listed in ch. ATCP 34.18, Wis. Admin. Code. 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 2018.

2.2 Soil and Water Resource Management Grant Program – Introduction

The 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.

Every year in May, DATCP renews each county's master grant contract by sending a Schedule of Awards that reflects the county's most recent annual grant awards.

Counties receive grant funding on a reimbursement basis, with DATCP providing payments for eligible expenditures up to the award amounts specified in the Schedule of Awards for the grant year. A county must use its annual staffing grant in the year in which it was awarded. Counties typically submit one reimbursement request for staffing costs incurred before November 1 of the grant year. As a practical matter, nearly every county relies on its staffing costs to claim its maximum grant award, and does not seek reimbursement for training and other support costs. Based on recent historical averages, DATCP's annual grant covers the costs of 1.5 staff persons per county.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements for allowable costs:

1. Counties have maximum flexibility to seek reimbursement for soil and water resource management (SWRM) activities performed by employees or contractors. A county may seek reimbursement for any combination of staff salaries, fringe benefits, independent contractor fees, and is not bound by the positions and percentages of time listed in their grant applications.

2. DATCP only reimburses counties for SWRM activities performed by staff and independent contractors. SWRM activities include:
 - Providing technical assistance and support to install conservation practice.
 - Implementing state farm runoff standards including compliance monitoring for the Farmland Preservation Program.
 - Administering livestock and manure management ordinances including permit approvals.
 - Implementing construction site and storm water management.
 - Carrying out activities related to the Conservation Reserve Enhancement Program (CREP), and DNR notices of discharge under ch. NR 243, Wis. Admin. Code.

Compliance Requirements for unallowable costs:

1. Counties cannot use DATCP funds to pay for staff and contractor work unrelated to SWRM activities. Unallowable activities may include land management, planning and zoning, parks and recreation, and public health.

B. REIMBURSEMENT FOR STAFF 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 the county providing a 30 percent match; and for third, DATCP pays 50 percent of the costs with the county providing a 50 percent match. In rare cases, a county may make a second request for reimbursement, and in this request, 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.
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.
4. County records must adequately document that staff performed SWRM activities for the hours submitted in the reimbursement request. For staff who work full-time performing SWRM activities, the person's position description may provide proof of the work performed. For staff with multiple work assignments, the county records must have a coding system to document the time these staff performed SWRM activities.

Suggested Audit Procedures

1. If a county submitted more than one request for reimbursement, select the one seeking the highest amount of reimbursement. Identify the two persons (including any independent contractor) listed on the reimbursement form with the highest dollar amounts requested (usually these will be the first and second positions listed on the reimbursement form).
2. Secure supporting documentation in the form of payroll records (e.g. time sheets) and billing records for each of the two persons including records of salary and fringe benefits costs or contractor fees. Locate records that document that the two staff persons performed the percentage of SWRM work indicated on the reimbursement form. These may include a table of county billing codes or a position description if no billing codes are used.
3. Verify that available payroll, billing and other records support the (1) dollar amount submitted for each of the two persons on the reimbursement request, and (2) percentage of work performed by each person related to SWRM activities. For example, verify that appropriate billing codes were entered for persons who perform work other than eligible SWRM activities.

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 2018.

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.

II. PROGRAM PROCEDURES

County participation in this program is optional.

As part of its final joint allocation plan described in Section 2.2, DATCP may award counties two types of grants for landowner cost-sharing using different funding sources:

DATCP uses Bond revenue funds for grants to cost-share the installation of engineered conservation practices considered capital improvements. Bond funds can pay for 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.

DATCP relies on SEG funds to provide grants for cost-sharing nutrient management, and other related cropping practices such as cover crop, residue management and strip-cropping. When making these cost-share payments, counties make flat rate payments to landowners (for example, \$10 per acre for four years for a nutrient management plan).

Every year in May, DATCP renews each county's master contract by sending a Schedule of Awards that reflect the county's most recent annual grant awards. DATCP reimburses counties for eligible expenditures up to the award amounts specified in the Schedule of Awards for the grant year. Counties must seek reimbursement for cost-share projects in the year the grant is awarded, unless they receive a one-year extension for a specific project. DATCP makes payments to counties for landowner cost-sharing on a reimbursement basis upon the submission of proper documentation.

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. If a county adopts competitive bidding, it must require competitive bidding if a cost-share contract exceeds \$25,000 in DATCP cost-sharing.

Suggested Audit Procedures

1. Determine whether the county has in place procedures that are effective in containing costs, including competitive bidding, or the use of typical or maximum acceptable costs for conservation practices.
2. Identify any cost-share contract where the county requested more than \$25,000 in DATCP reimbursement for installation of an engineered practice during the grant year. Cost-share contracts based on flat rate payments should not be considered.
3. For each of the cost-share contracts identified, determine if the county followed the process it adopted for cost containment. For example, determine if the county used competitive bidding in the event that the county adopted this method of cost containment.

B. COST-SHARE REIMBURSEMENT

Compliance Requirements

1. Counties request reimbursement using a DATCP form, by which the county certifies that the cost-shared practices are installed according to technical standards, and that the costs for which the county seeks reimbursement have been paid.
2. A county must retain the following records related to cost-share projects submitted for reimbursement:
 - Copies of all county cost-share contracts with landowners, including change orders and contract amendments.
 - Receipts, invoices and bills documenting costs incurred for the design and installation of conservation practices.
 - Itemized statements of landowner-supplied labor and equipment including allowable costs and county approval for such contribution.
 - Evidence of any payments made by the landowner or county.

Suggested Audit Procedures

1. Locate all completed cost-share contracts that provided payments for engineered practices during the grant year. Do not review any cost-share contracts that provide flat rate payments for nutrient management, cover crop or other soft practices.
2. Select the two cost-share contracts involving the highest amount of reimbursement requested of DATCP.
3. Determine if the county has all supporting financial documentation— corresponding installation receipts and payments—in its possession for the two reimbursement requests selected.

C. REPORTING REQUIREMENTS

Compliance Requirements

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 cost-sharing provided 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 2018.