

Appendix to the State Single Audit Guidelines for Programs from the Department of Commerce



2003 Revision

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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 Workforce Development (DWD) and the Department of Health and Family Services (DHFS), the auditor will need the main document, the DWD appendix, 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 Commerce does not require audit coverage for any state funded programs.

During the calendar year 2003, Housing grant administration was transferred from the Department of Administration to the Department of Commerce. For the year ending December 31, 2003 and thereafter, audits of Housing programs shall be channeled through the Department of Commerce.

1.2 Designated state major programs

The Department of Commerce has not designated any 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 Commerce has not specifically designated any programs to be Type A programs (see Section 3.4 of the Main Document, online at www.ssag.state.wi.us). However, these programs are Type A if expenditures under these programs exceed \$100,000.

1.4 Letter notification

The Department of Commerce requires either a complete Single Audit Report or a complete Program Audit Report rather than letter notification for all grants except for Housing Programs. Specific instructions are found in the grant contract for each type.

1.5 Funding sources

Information on federal and state funding sources for programs from the Department of Commerce is at Appendices G & H.

1.6 Department information

The website for the Department of Commerce, www.commerce.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 Commerce* is effective for audits of years ending on or after December 31, 2003.

1.8 Contact the department

Questions or comments on this appendix to the *State Single Audit Guidelines* can be referred to the department staff in the Bureau of Fiscal Services. In addition, audit reports should be sent to the office at the following address:

Clete Houdek
Senior Auditor
Bureau of Fiscal and Procurement Services
Department of Commerce
P.O. Box 7970
201 West Washington Avenue
Madison, WI 53707-7970

Choudek@commerce.state.wi.us
(608) 266-8381

2 Program specific guidance

compliance supplements for specific programs

Section 2.1	Community Based Economic Development Program
Section 2.2	Housing Cost Reduction Initiative
Section 2.3	Local Housing Organization Grants
Section 2.4	State Shelter Subsidy Grant Program
Section 2.5	Transitional Housing Grant Program

2.1 Community-Based Economic Development Program

State identification number 143.100

I. PROGRAM OBJECTIVES

The objective of the Community-Based Economic Development (CBED) Program is to enhance business retention and expansion as well as entrepreneurship efforts in distressed areas by increasing the capacity of communities and community-based organizations (CBOs) to perform economic development activities. Specifically, it (1) promotes small business development on a local level, (2) promotes job creation, (3) assists the start-up/operation of business and technology-based incubators, (4) assists communities to do economic development planning, and (5) assists in local and regional development projects.

II. PROGRAM PROCEDURES

Grants are awarded on a competitive basis using statutorily determined criteria and may be categorized as Business Assistance, Community Planning, Incubator Technical Assistance, Incubator Operations, Incubator Start-Up/Expansion, Development Project, Revolving Loan Fund, Regional, Entrepreneurship Teaching Grants, and Venture Capital. Incubator Technical Assistance is limited to \$10,000. Business Assistance, Community Planning, Development Project, and Incubator Operations grants are limited to \$30,000. Incubator Start-Up/Expansion is limited to \$100,000. Revolving Loan Fund and Venture Capital grants are limited to \$50,000 and \$75,000, respectively. And Regional CBED grants are limited to the greater of \$100,000 or 10% of the budgeted appropriation. Grant funds are disbursed on a reimbursement basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

Funds may be used to defray salaries, fringe benefits and other personnel, administrative, and operating costs directly related to grant activities. CBED funds may not be used for overhead or to replace funds from any other source. (Refer to s. 560.14(3)(d) Wisconsin Statutes.)

Suggested Audit Procedures

Review the grant application and award agreement including budget.

Test expenditure records and supporting documentation.

Verify that claimed costs were for budgeted expenses and were directly related to grant activities.

B. ELIGIBILITY

The auditor is not expected to test eligibility.

C. MATCHING LEVEL OF EFFORT AND/OR EARMARKING

Compliance Requirement

Grantees must provide match as set forth in the award agreement. Business Assistance, Community Planning and Development Project grants may not exceed 75% of the total cost of the project for which the grant is made. Incubator Operations, Technical Assistance and Start-Up/Expansion grants and Revolving Loan Fund grants may not exceed 50% of the total project cost. (Refer to s. 560.14 (2)(d) and s. 560.14(3)(b)3 Wisconsin Statutes, respectively.) Venture Capital grant recipients must fund at least 50% of the total conference cost with cash or in-kind contributions. (Refer to s.560.14(4m), Wisconsin Statutes.)

Suggested Audit Procedures

Review the award agreement to determine budgeted match requirements.

Verify that claimed match was for budgeted expenses directly related to grant activities.

Verify that actual match equals or exceeds the required match.

D. REPORTING REQUIREMENTS

Compliance Requirement

Grantees are required to report progress, in form and content prescribed by Commerce, semiannually.

Suggested Audit Procedures

Review the “Scope of Services” section of the award agreement to determine report due dates.

Verify that semi-annual reports have been submitted to Commerce as required.

Verify that reported information is accurate and supported.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

None

Suggested Audit Procedures

None

2.2 Housing Cost Reduction Initiative

I. PROGRAM OBJECTIVES

The Housing Cost Reduction Initiative (HCRI) Program, also referred to as the Housing Cost Grants and Loan Program, provides grants to local governments and community based organizations to help defray the housing costs of low- and moderate-income households. This assistance will fall under two general categories: homeownership assistance (including, among other things, down payment assistance, closing cost assistance, and mortgage principal or interest assistance); and rental assistance. The funds may also be used for persons living in cooperative housing.

II. Transitional Housing Grant Program

Funds for the program are provided to local governments, private nonprofit and for profit corporations, limited equity cooperatives, housing authorities, religious organizations, and tribes in response to applications submitted and selected through a statewide competition. A contract developed by Department of Commerce, Bureau of Housing is executed between each organization that receives an award and the Department of Commerce (COMM).

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

The program requirements are set forth in the contract with reference to the HCRI application submitted by the grantee.

The contract, particularly Attachments A-G (which are unique to each contract), should be reviewed prior to beginning the audit.

Funds may not be used to: 1) pay for construction and other capital improvements; 2) fund operating or social service costs associated with the ongoing management or maintenance of existing emergency shelter facilities; 3) pay for costs incurred prior to the start date of the contract between the state and the grantee.

Funds to pay administrative and counseling costs may generally not exceed 15% of the total amount of housing assistance payments

B. ELIGIBILITY

Determine whether eligibility requirements set forth in the HUD Low/Moderate-Income Household Tables (80% or below of county median income adjusted for family size) are being followed.

C. MATCHING

Determine documentation of any leveraged funds claimed. Matching requirements are set forth in Attachment G of the contract.

D. REPORTING REQUIREMENTS

Each grantee is required to submit to the Department of Commerce quarterly reports according to the dates established in Attachment C and D of the contract.

E. SPECIAL TESTS AND PROVISIONS

1. Determine whether expenditures are properly classified in accordance with the final budget shown in the contract and expenditures are within the starting and end dates of the contract (Attachment F).
2. Determine if the scope of work was generally accomplished as outlined in the contract (Attachment C).

F. AUDIT PROCEDURE

Ascertain, by selecting a sample, that households participating in the program have been screened for income eligibility and those persons subject to a cost sharing arrangement are contributing appropriately to the cost of their services. Determine whether there is:

1. Evidence in the participant's case file that the grantee has documented income eligibility for each client receiving services.
2. Evidence that any collections from clients and other program income are applied directly to the costs of the HCRI program for a period of at least three years from the date of the last payment of state funds under the HCRI program.

2.3 Local Housing Organization Grants

State Identification Number 143-704

I. PROGRAM OBJECTIVES

The Local Housing Organization Grant (LHOG) Program provides funds to community based organizations for staff, administrative, and operating expenses needed to plan, develop, and carry out projects to provide housing opportunities for homeless and low- and moderate-income households. These funds are made available in the form of grants to expand the capacity of local organizations and assist them in obtaining additional housing resources.

II. PROGRAM PROCEDURES

Funds for the program are provided to private nonprofit and for profit corporations, housing authorities, and tribes in response to applications submitted and selected through a state-wide competition. A contract developed by the Department of Commerce, Bureau of Housing is executed between each organization that receives an award and the Department of Commerce (COMM).

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

The program requirements are set forth in the contract, referred to as a program contract, with reference to the LHOG application submitted by the grantee.

The contract, particularly Attachments A-E (which are unique to each contract), should be reviewed prior to beginning the audit.

Funds may not be used to: 1) pay for construction and other capital improvements; 2) fund operating or social service costs associated with the ongoing management or maintenance of existing emergency shelter or other housing programs, beds, or units; 3) pay for costs incurred prior to the start date of the program contract between the state and the grantee.

B. ELIGIBILITY

Determine whether eligibility requirements set forth in the HUD Low/Moderate-Income Household Tables (80% or below of county median income adjusted for family size) are being followed.

C. MATCHING

The grant award must at least be equally matched by cash or in-kind resources.

D. REPORTING REQUIREMENTS

Each grantee is required to submit to Department of Commerce quarterly reports according to the dates established in Attachment D of the program contract.

E. SPECIAL TESTS AND PROVISIONS

1. Determine whether LHOG and matching expenditures are properly classified and documented in accordance with the final budget shown in the contract (Attachment F).
2. Determine if the scope of work was generally accomplished as outlined in the contract (Attachment C) and that the beneficiaries were income eligible.

2.4 State Shelter Subsidy Grant Program

State Identification Number 473-706

I. PROGRAM OBJECTIVES

The State Shelter Subsidy Grant (SSSG) Program provides up to 50% of a generic emergency shelter program's annual operating budget. These funds are available to programs, which need additional funding because of:

- A. The renovation or expansion of an existing shelter facility.
- B. The development of an existing building into a shelter facility.
- C. The expansion (or development) of shelter services.
- D. The inability of a shelter program to obtain adequate funding to continue the existing level of service.

II. PROGRAM PROCEDURES

Funds for the program are provided to county or municipal body or agency, a community action agency, or other nonprofit organization in response to applications submitted and selected through a statewide competition. A contract developed by the Department of Commerce, Division of Community Development is executed between each organization that receives an award and the Department of Commerce.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR NOT ALLOWED:

- 1. The program requirements are set forth in the contract, referred to as a cooperative agreement, with reference to the SSSG application submitted by the grantee. Wisconsin Administrative Rules Comm 150 defines the rules for the program and is incorporated as part of the contract. The contract, particularly Attachments A-F (which are unique to each contract), should be reviewed prior to beginning the audit. Funds may not be used to:
 - a. Make security deposits or payment for permanent housing.
 - b. Provide shelter in a private home.
 - c. Construct a new shelter facility.
 - d. Operate a shelter care facility licensed under Chapter 48, Wis. Stats.
 - e. Operate a shelter facility or private home providing shelter for vouchers of domestic abuse.
 - f. Operate a community-based residential facility licensed under

Chapter HSS 3.

- g. Operate an agency that provides only shelter information and referral or housing relocation services.
2. Agencies receiving SSSG funds must provide the following required services:
- a. Shelter.
 - b. Intake, including an interview with the homeless person to determine the extent of the person's needs.
 - c. Information and referrals.

B. ELIGIBILITY

Determine whether the "homeless person" being served means a person who has no place to stay and states that he or she does not have the financial means to purchase lodging.

C. MATCHING

The grant may not exceed 50% of the total operating budget. In-kind contributions may not constitute more than 10% of the total project budget. Refer to the contract (Attachment F) for budget and match information.

D. REPORTING REQUIREMENTS

Reporting requirements are defined in the contract for agencies that are not using WISP (Attachment A). Monthly report data are gathered on the second Thursday of each month, and quarterly report data are due April 30, July 31, October 31, and January 31. Monthly fiscal reports are required and should follow the projected draw down schedule in the contract (Attachment D).

E. SPECIAL TESTS AND PROVISIONS

- 1. Determine whether expenditures are properly classified in accordance with the final budget shown in the contract (Attachment F).
- 2. Determine if the reported number of shelter nights correspond with the number of shelter nights projected by the grantee.

F. AUDIT PROCEDURE

Determine whether there is:

1. Evidence in the case file that the grantee has completed intake, assessed needs, provided shelter and information, and referral services.
2. Evidence that the number of shelter nights and persons served is documented and is in line with projected number of nights of service.

2.5 Transitional Housing Grant Program

State Identification Number 143-707

I. PROGRAM OBJECTIVES

The Transitional Housing Grant (THG) Program provides grants to eligible applicants for the purpose of providing transitional housing and associated supportive services to homeless individuals and families.

II. PROGRAM PROCEDURES

Funds for the program are provided to local governments, local government agencies, community action agencies, and private nonprofit organizations in response to applications submitted and selected through a statewide competition. A contract developed by the Department of Commerce, Division of Community Development is executed between each organization receiving an award and the Department of Commerce (COMM).

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR NOT ALLOWED:

The program requirements are set forth in the contract with reference to the THG application submitted by the grantee. Chapter 560.9806 defines the program. The contract, particularly Appendices A-F (which are unique to each contract), should be reviewed prior to the audit.

A recipient of THG funds shall agree to support a transitional housing program that does all of the following:

1. Utilizes only existing buildings.
2. Utilizes buildings at scattered sites.
3. Facilitates the utilization, by residents, of appropriate social services in the community.
4. Provides or facilitates the provision of training in self sufficiency to residents.
5. Requires that at least 25% of the income of residents be spent for rent.
6. Permits persons to reside in transitional housing programs for a period not to exceed 24 months.

Funds to pay for administrative costs may generally not exceed 15% of the grant award.

B. ELIGIBILITY

Determine whether the individuals or families being served were formerly homeless and are working toward successful completion of their transitional housing case plan.

C. MATCHING

There are no matching requirements.

D. REPORTING REQUIREMENTS

Each grantee is required to submit monthly reports to the Department of Commerce according to the dates in the contract (Appendix D).

E. SPECIAL TESTS AND PROVISIONS

1. Determine whether expenditures are properly classified in accordance with the final budgets (Appendices F1 and F2).
2. Determine if the scope of work was accomplished as outlined in the contract (Appendix C).

F. AUDIT PROCEDURE

Determine, by selecting a sample, that individuals or families participating in the program have successfully completed their transitional housing program case plan, are paying 25% of their income in rent, and grant funds have been used to assist the program participants in attaining self sufficiency.