# PROGRAM 2 – VILLAGE SAFE WATER PROGRAM (VSW)
# DEPARTMENT OF ENVIRONMENTAL CONSERVATION

## I. PROGRAM OBJECTIVE

The objective of the Village Safe Water (VSW) Program is to assist small communities, through capital funding projects, to provide new or improved water, wastewater and solid waste facilities. As of 07/01/11, those first class cities with populations of 1,000 or less are also eligible for VSW grants.

## II. PROGRAM PROCEDURES

The VSW program is administered by the Department of Environmental Conservation (DEC), Division of Water (DW), Facility Programs component. The primary functions of the program are:

1) Funding allocation and distribution
2) Grant administration
3) Project oversight

VSW's allocation system is the Capital Improvement Program (CIP), where grant applications are submitted by interested and eligible communities. These applications are scored and ranked. Depending on the total capital funding projected to be made available, projects from this list are added to the statewide "Multi-Year Priority List" (MYPL). Funding is then made available for projects on the MYPL on an as-needed basis and as funding sources will allow. Grant agreements are made to communities and are administered by VSW. Expenses are reviewed and approved by the assigned VSW engineer in accordance with project scope and funding sources. Project accounting is performed by DEC, except for force account construction payroll, which is provided by a contractor. The assigned VSW engineer provides technical assistance and oversees the project. After the project is completed, a final report is completed (if required by the federal funding agency), including final reconciliation of all expenses, and then closed.

## III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

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

**Compliance Requirement**: Funds shall be expended only for the scope of work described in the grant agreement.

**Suggested Audit Procedure**: Review and compare reported costs, related documents, and grant agreement terms.

### B. ELIGIBILITY -

The auditor is not expected to verify eligibility.

## C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

**Compliance Requirement**: If the accounting is not done by DEC, grantee shall use an accounting system which adequately accounts for grant funds and all expenses paid with grant funds. Checks must contain two authorized signatures.

**Suggested Audit Procedures**: Review project records to determine if:

a) Reported costs reconcile to bank account;
b) Proper documentation supports expense, and checks have two signatures; and
c) Total project funding is not in excess of 100 percent of total project costs and all grant funds were utilized.

## D. REPORTING REQUIREMENTS -

**Compliance Requirement**: If the grantee uses an accounting system, the grantee will provide monthly bank account balance to VSW engineer.

**Suggested Audit Procedure**: Review project records for compliance.

## E. SPECIAL TESTS AND PROVISIONS -

**Compliance Requirement**: Grantee is to operate and maintain the system provided, assess user fees to ensure system is self-supporting, and select individuals trained to operate and maintain the facility.

**Suggested Audit Procedure**: Review system for operability to review documentation to ensure user fee assessment.