



PRINCE WILLIAM
Finance

COMPLIANCE REPORTS

For the Year Ended June 30, 2021

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FY2021

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COUNTY OF PRINCE WILLIAM, VIRGINIA
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COMPLIANCE REPORTS

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**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of County Supervisors
County of Prince William, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 23, 2022. That report recognizes that the County implemented one new accounting standard effective July 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cherry Belmont LLP".

Tysons Corner, Virginia
May 23, 2022

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Prince William, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince William Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 23, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
September 28, 2022

**Report of Independent Auditor on Compliance with
Commonwealth of Virginia’s Laws, Regulations, Contracts, and Grants**

To the Board of Supervisors
County of Prince William, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”) issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the “County”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated May 23, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free of material misstatement, we performed tests of the County’s compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions and, accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia’s laws, regulations, contracts, and grants for which we performed tests of compliance:

<u>Code of Virginia</u>		<u>State Agency Requirements</u>
Budget and Appropriation Laws	Procurement	Education
Cash and Investments	Unclaimed Property	Children’s Services Act Funds
Conflicts of Interest	Property Taxes	Social Services
		Fire Programs Aid to Localities
Intergovernmental Revenues	Debt Provisions	Stormwater Utility

The results of our tests disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the Specifications, as described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003.

The County’s responses to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County’s compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
September 28, 2022

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
OFFICE OF NATIONAL DRUG CONTROL POLICY:				
* Pass-Through Payments from Mercyhurst University: High Intensity Drug Trafficking Area (HIDTA) Project	07.999	not available	\$ 97	\$ -
Total Office of National Drug Control Policy			<u>97</u>	<u>-</u>
DEPARTMENT OF AGRICULTURE:				
* Direct Payments:				
Distance Learning - Forest Service - Conservation Education	10.000	not applicable	24	-
Child & Adult Care Food Program	10.558 ³	not applicable	2	-
Urban Agriculture and Innovative Production (UAIP) Competitive Grants Program	10.935	not applicable	10	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Education:				
Summer Nutrition Program	10.559 ²	APE601750000	43,089	-
Fresh Fruit and Vegetable Program	10.582	179001-40599	385	-
* Department of Health:				
Child & Adult Care Food Program	10.558 ³	not available	23,306	-
* Department of Social Services:				
State Administrative Matching Grant for Food Stamp Program ¹	10.561	45213-90303 45213-90304 46010-90212 46010-90666 46010-91103 46010-91104 46010-91403 46010-91404 46010-92103 46010-92104	5,141	-
* Child Nutrition Cluster ²				
* Department of Agriculture & Consumer Services:				
National School Lunch Program - Commodities	10.555 ^{2,4}	not available	1,403	-
* Department of Juvenile Justice:				
School Breakfast Program	10.553 ²	360001-40591 360003-40591	16	-
National School Lunch Program	10.555 ^{2,4}	360001-40622 360001-40611 360003-40611	20	-
Total Department of Agriculture			<u>73,396</u>	<u>-</u>
DEPARTMENT OF DEFENSE:				
* Direct Payments:				
Junior ROTC Program	12.000	not applicable	746	-
Student Achievement at Military-Connected Schools	12.556	not applicable	248	-
Total Department of Defense			<u>994</u>	<u>-</u>

¹ Supplemental Nutrition Assistance Program (SNAP) Cluster (ALN 10.561) Total \$5,141

² Child Nutrition Cluster (ALN 10.553/10.555/10.559) Total \$44,528

³ ALN 10.558 Total \$23,308

⁴ ALN 10.555 Total \$1,423

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
* Direct Payments:				
* Community Development Block Grant (CDBG) Cluster				
Community Development Block Grants / Entitlement Grants ⁵	14.218	not applicable	251	-
Community Development Block Grants / Entitlement Grants – COVID-19 ⁵	14.218	not applicable	1,201	-
Continuum of Care Program	14.267	not applicable	820	-
Emergency Solutions Grant Program	14.231 ⁶	not applicable	373	-
Emergency Solutions Grant Program – COVID-19	14.231 ⁶	not applicable	126	-
HOME Investment Partnerships Program	14.239	not applicable	450	-
* Section 8 Housing Choice Vouchers Cluster				
Section 8 Housing Choice Vouchers ⁷	14.871	not applicable	28,346	-
Section 8 Housing Choice Vouchers – COVID-19 ⁷	14.871	not applicable	384	-
* Pass-Through Payments from Northern Virginia Planning District Commission:				
Housing Opportunities for Persons with AIDS	14.241	not available	258	-
* Pass-Through Payments from Commonwealth of Virginia:				
Department of Housing and Community Development:				
Emergency Solutions Grant Program – COVID-19	14.231 ⁶	458004-117617 458004-116950	816	297
* Pass-Through Payments from Virginia Housing Development Authority:				
Housing Counseling Assistance Program	14.169	182100-65100	73	-
Total Department of Housing and Urban Development			<u>33,098</u>	<u>297</u>
DEPARTMENT OF THE INTERIOR:				
* Direct Payments:				
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	68	-
Total Department of the Interior			<u>68</u>	<u>-</u>
DEPARTMENT OF JUSTICE:				
* Direct Payments:				
Coronavirus Emergency Supplemental Funding Program – COVID-19	16.034	not applicable	50	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	85	-
Equitable Sharing Program	16.922	not applicable	313	-
Missing Children's Assistance	16.543	not applicable	45	-
* Pass-Through Payments from Commonwealth of Virginia:				
Department of Criminal Justice Services:				
Juvenile Justice and Delinquency Prevention Title II, Part B Formula Grants	16.540	not available	46	-
Violence Against Women Formula Grants	16.588	390002-116416 390002-CJS48035	39	-
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	390002-CJS5601701 390002-CJS86018	286	-
Total Department of Justice			<u>864</u>	<u>-</u>

⁵ Community Development Block Grant (CDBG) Cluster (ALN 14.218) Total \$1,452

⁶ ALN 14.231 Total \$1,315

⁷ Housing Choice Voucher Cluster (ALN 14.871) Total \$28,730

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF TRANSPORTATION:				
* Pass-Through Payments from Commonwealth of Virginia:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	605007-50084 605007-51329	169	-
* Highway Planning and Construction Cluster				
Highway Planning and Construction ⁸	20.205	not available	10,358	-
* Highway Safety Cluster				
State and Community Highway Safety ⁹	20.600	605007-50074 605007-50085 605007-50087 605007-50088 605007-51294 605007-51324 605007-51327	102	-
Total Department of Transportation			<u>10,629</u>	<u>-</u>
DEPARTMENT OF THE TREASURY:				
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Treasury:				
Coronavirus Relief Fund – COVID-19	21.019	728021 179001-APE70056	91,802	34,463
Total Department of the Treasury			<u>91,802</u>	<u>34,463</u>
DEPARTMENT OF VETERANS AFFAIRS:				
* Direct Payments:				
Veterans Medical Care Benefits	64.009	not applicable	60	-
Total Department of Veterans Affairs			<u>60</u>	<u>-</u>
DEPARTMENT OF EDUCATION:				
* Direct Payments:				
Impact Aid	84.041	not applicable	442	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Education:				
Adult Education - State Grant Program ¹³	84.002	179001-61380	130	-
Title I Grants to Local Educational Agencies ¹⁰	84.010	179001-42901 179001-42935	11,149	-
Vocational Education - Basic Grants to States	84.048	179001-61095	792	-
Twenty-First Century Community Learning Centers	84.287	179001-60565	282	-
English Language Acquisition Grants	84.365	179001-60512	1,582	-
Title II Part A Improving Teacher Quality State Grants	84.367	179001-61480	1,579	-
Safe & Drug-Free Schools & Communities - State Grants	84.186	179001-60511	297	-
Education Stabilization Fund (ESF)	84.425 ¹¹	179001-APES0193	146	-
Education Stabilization Fund (ESF) – COVID-19	84.425 ¹¹	179001-APE60177 179001-APE70037 179001-APES0195	4,775	-
* Special Education Cluster ¹²				
Special Education - Grants to States	84.027	179001-43071	16,382	-
Special Education - Preschool Grants	84.173	179001-62521	370	-

⁸ Highway Planning and Construction Cluster (ALN 20.205) Total \$10,358

⁹ Highway Safety Cluster (ALN 20.600) Total \$102

¹⁰ ALN 84.010 Total \$11,149

¹¹ ALN 84.425 Total \$4,921

¹² Special Education Cluster (ALN 84.027/84.173) Total \$16,752

¹³ ALN 84.002 Total \$692

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF EDUCATION (cont'd):				
* Pass-Through Payments from Commonwealth of Virginia (cont'd):				
* Department of Behavioral Health & Developmental Services:				
Special Education - Grants for Infants & Families with Disabilities	84.181	445007-117351 445007-115433	379	-
* Pass-Through Payments from Fairfax County				
Adult Education - State Grant Program ¹³	84.002	not available	562	-
* Pass-Through Payments from College of William and Mary				
Education for Homeless Children and Youth	84.196	not available	11	-
Total Department of Education			<u>38,878</u>	<u>-</u>
U.S ELECTION ASSISTANCE COMMISSION				
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Elections:				
2020 HAVA Coronavirus Aid, Relief and Economic Security (CARES) Act Grants – COVID-19	90.404	723012-116912	198	-
Total U.S. Election Assistance Commission			<u>198</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
* Direct Payments:				
* Provider Relief Fund General and Targeted Distribution Payments – COVID-19	93.498	not applicable	191	-
* Head Start Cluster ¹⁴				
Head Start	93.600	not applicable	3,737	-
Head Start – COVID-19	93.600	not applicable	231	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Aging:				
Health Care Financing Research, Demonstrations VICAP-Basic, Medicaid + Choice, Termination, Enhancement	93.324	45504-117058	34	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	45506-116334	1	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	45504-116341	4	-
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals (State Grants for Long-term Care Ombudsman Services)	93.042 ¹⁵	45506-116334 46813-118047	13	-
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals (State Grants for Long-term Care Ombudsman Services) – COVID-19	93.042 ¹⁵	45506-117229	8	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048 ¹⁶	45504-114556	14	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects – COVID-19	93.048 ¹⁶	45504-117252	20	-
National Family Caregiver Support, Title III, Part E	93.052 ¹⁷	45504-116340 45504-118053	83	-
National Family Caregiver Support, Title III, Part E – COVID-19	93.052 ¹⁷	45504-117230	56	-
Medicare Enrollment Assistance Program	93.071	45504-118013 44820-114546	20	-

¹⁴ Head Start Cluster (ALN 93.600) Total \$3,968

¹⁵ ALN 93.042 Total \$21

¹⁶ ALN 93.048 Total \$34

¹⁷ ALN 93.052 Total \$139

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):				
* Pass-Through Payments from Commonwealth of Virginia (cont'd):				
* Department of Aging (cont'd):				
* Aging Cluster ¹⁸				
Special Programs for the Aging - Title III, Part B				
Grants for Supportive Services and Senior Centers	93.044 ¹⁹	45504-117233 45504-118049	247	-
Grants for Supportive Services and Senior Centers – COVID-19	93.044 ¹⁹	45504-11634	199	-
Special Programs for the Aging - Title III, Part C				
Nutrition Services				
	93.045 ²⁰	45701-116343 45701-118050 45703-116342 45703-116821 45703-118051	235	-
Nutrition Services – COVID-19	93.045 ²⁰	45703-117251	243	-
Nutrition Services Incentive Program	93.053	46811-116345 46811-118048	36	-
* Department of Behavioral Health & Developmental Services:				
Guardianship Assistance				
	93.090	46010-91128 46010-92128	1	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	445006-50999 445006-51100	85	-
Block Grants for Community Mental Health Services	93.958	445006-52200	366	-
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	445001-50250 445001-50270	1,157	-
State Targeted Response to the Opioid Crisis Grants	93.788	445001-53003 445001-53033	203	-
* Department of Social Services:				
Temporary Assistance for Needy Families ²¹				
	93.558	45201-90603 45212-90366 45212-90377 46010-90665 46010-91109 46010-91110 46010-91111 46010-91112 46010-91127 46010-92109 46010-92110 46010-92111 46010-92112 46010-92127	1,297	-
Promoting Safe & Stable Families	93.556	46010-91129 46010-92129 46902-90359 46902-90360 46902-90361	174	-
Refugee & Entrant Assistance - State Administered Programs	93.566	46010-91113 46010-92113 49102-90623	86	-
Low-Income Home Energy Assistance	93.568	46010-91114 46010-92114	174	-
Chafee Education and Training Vouchers Program (ETV)	93.599	46902-90353	8	-

¹⁸ Aging Cluster (ALN 93.044/93.045/93.053) Total \$960

¹⁹ ALN 93.044 Total \$446

²⁰ ALN 93.045 Total \$478

²¹ Temporary Assistance for Needy Family (TANF) Cluster Total \$1,297

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):				
* Pass-Through Payments from Commonwealth of Virginia (cont'd):				
* Department of Social Services (cont'd):				
Child Welfare Services State Grants	93.645	46010-91131 46010-92131	1	-
Foster Care - Title IV-E	93.658	46010-90209 46010-91105 46010-91106 46010-91107 46010-91133 46010-91138 46010-91147 46010-91405 46010-91406 46010-91407 46010-91433 46010-91438 46010-91447 46010-92105 46010-92106 46010-92107 46010-92133 46010-92138 46010-92147 46901-90635 46901-90636 46901-90637 46901-90638 46901-90639 46901-90640 46901-90655 46901-90656 46901-90657 46901-90658 46902-90047	2,055	-
Adoption Assistance	93.659	46010-90214 46010-91108 46010-91408 46010-92108 46903-90606 46903-90607 46903-90627	1,034	-
Social Services Block Grant	93.667	46010-91120 46010-91122 46010-91123 46010-91124 46010-91125 46010-91126 46010-91142 46010-92120 46010-92122 46010-92123 46010-92124 46010-92125 46010-92126 46010-92142 46802-90308 46802-90340 46802-90379 46902-90351 46902-90357 46902-90358 46903-90648	1,250	-
Chafee Foster Care Independence Program	93.674	46010-91134 46010-92134 46902-90356	47	-
Children's Health Insurance Program	93.767	46010-90161 46010-90668 46010-91102 46010-91402 46010-92102	55	-

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	Assistance Listing Number	Pass-Through Agency Identifying Number	Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):				
* Pass-Through Payments from Commonwealth of Virginia (cont'd):				
* Department of Social Services (cont'd):				
* Child Care Development Fund (CCDF) Cluster ²²				
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90540 45214-90541 45215-90521 45215-90566 46010-91116 46010-91117 46010-91118 46010-92116 46010-92117 46010-92118	285	-
Medical Assistance Program ²³	93.778	46010-90160 46010-90213 46010-90667 46010-91101 46010-91146 46010-91150 46010-91401 46010-91446 46010-91450 46010-92101 46010-92146 46010-92150	3,949	-
* Department of Medicaid Services: Medical Assistance Program ²³	93.778	not available	249	-
Total Department of Health and Human Services			<u>17,848</u>	<u>-</u>
DEPARTMENT OF HOMELAND SECURITY:				
* Direct Payments:				
Homeland Security Grant Program	97.067 ²⁵	not applicable	186	-
State Homeland Security Program (SHSP) – COVID-19	97.042 ²⁴	not applicable	605	-
* Pass-Through Payments from Metropolitan Washington Council of Governments:				
Homeland Security Grant Program	97.067 ²⁵	not available	61	-
* Pass-Through Payments from Northern Virginia Emergency Response System:				
Homeland Security Grant Program	97.067 ²⁵	not available	3	-
* Pass-Through Payments from Department of Emergency Management:				
State Homeland Security Program (SHSP)	97.042 ²⁴	775001-116308	60	-
Total Department of Homeland Security			<u>915</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 268,847</u>	<u>\$ 34,760</u>

²² Child Care and Development Fund (CCDF) Cluster (ALN 93.596) Total \$285

²³ Medicaid Cluster (ALN 93.778) Total \$4,198

²⁴ ALN 97.042 Total \$665

²⁵ ALN 97.067 Total \$250

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021
(amounts expressed in thousands)

NOTE (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the County during fiscal year 2021. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1C, of the County’s Annual Financial Report.

The County did not use the 10% de minimus indirect cost rate, but rather used zero percent.

The County operates on a contractual basis with its grant partners, except for some subrecipients, who were awarded funding from the County’s allotment of Coronavirus Relief Funds under CARES Act of 2021 (ALN 21.019) and Emergency Solutions Grant Program – COVID-19 (ALN 14.231).

NOTE (2) – SCOPE OF AUDIT PURSUANT TO TITLE 2 US CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

Illustration 1-1 presents the reconciliation of the County’s Annual Comprehensive Financial Report (ACFR) Exhibit 5 and Schedule 36 and the School Board’s separately issued ACFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County’s ACFR may be obtained through the County’s website at www.pwccgov.org. A copy of the School Board’s ACFR may be obtained through the School’s website at www.pwcs.edu.

Illustration 1-1	
Reconciliation of Annual Comprehensive Financial Statements to the Schedule of Expenditures of Federal Awards (SEFA)	
County’s Total Federal Revenue per Exhibit 5 and Schedule 36	\$ 141,519
School’s Total Federal Revenue per School’s ACFR	156,286
Less: School ACFR adjustment	<u>(28,037)</u>
	269,768
Items expended from Restricted Fund Balance:	
Highway Planning and Construction	981
Coronavirus Relief Fund - Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020	32
Equitable Sharing Program (DOJ)	165
Section 8 Housing Choice Vouchers	(1,011)
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(20)
Other purchase of services agreements	<u>(1,068)</u>
Total Federal Expenditures per SEFA	<u>\$ 268,847</u>

NOTE (3) – COGNIZANT AGENCY

The U. S. Department of Housing and Urban Development is the County's cognizant audit agency for the Single Audit.

NOTE (4) – NONCASH FEDERAL AWARDS EXPENDED

The value of food distribution - commodities received by the County during fiscal year 2021 was \$6 (ALN 10.555) and the value of equipment received by the County during fiscal year 2021 was \$64 (ALN 97.067). These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's Annual Financial Report.

During fiscal year 2021, the County received and expended \$3,458 in surplus food commodities from the federal government. At year end, \$302 of food commodities received from the federal government have been included in inventories and recorded as unavailable revenue.

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

A. Summary of Auditor’s Results:

- a. The type of auditor’s report issued on the basic financial statements: **Unmodified opinion**
- b. Significant deficiencies in internal control disclosed by the audit of the financial statements: **Yes, Finding 2021-001**
- c. Material weaknesses in internal control disclosed by the audit of financial statements: **None reported**
- d. Noncompliance, which is material to the financial statements: **No**
- e. Significant deficiencies in internal control over major programs: **None reported**
- f. Material weaknesses in internal control over major programs: **None reported**
- h. Any audit findings which are required to be reported in accordance with §200.516(a) of the Uniform Guidance: **No**
- i. The programs tested as major programs and type of audit report issued on compliance were:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Audit Report Issued</u>
10.558/10.555/10.559	Child Nutrition Cluster	Unmodified
14.871	Child and Adult Food Care Program	Unmodified
20.205	Section 8 - Housing Choice Voucher Cluster	Unmodified
21.019	Highway Planning and Construction Cluster	Unmodified
84.425	Coronavirus Relief Fund under CARES Act	Unmodified
93.600	Education Stabilization Fund	Unmodified
	Head Start Cluster	Unmodified

- j. Dollar threshold used to distinguish between type A and type B programs: **\$3,000,000**
- k. Prince William County qualified as a low-risk auditee in accordance with §200.520(a) of the Uniform Guidance: **No**

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

A. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

a. **Finding 2021-001: Significant Deficiency – Internal Control Over Financial Reporting – Annual External Financial Reporting in Accordance With Accounting Principles Generally Accepted in the United States of America**

Criteria: In order to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), accurate and complete general and subsidiary ledgers, along with supporting records, must be maintained to support the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses to ensure an accurate presentation of the financial position and activity of the County for the fiscal year just ended.

Condition: Annually, the County’s Department of Finance oversees the preparation, processing, and recordation of thousands of financial transactions that ultimately will be reflected in the yearly Annual Comprehensive Financial Report (“ACFR”) produced within the Finance Department. In order to ensure the transactions are fairly presented, procedures must be in place and functioning effectively to produce complete and accurate financial information. During the year end external audit and financial reporting processes, instances were identified where the complete and accurate recordation of financial transactions within the General Ledger did not occur such as the following, with approximated amounts.

- Reclassify a \$4.9 million overstatement of wages and benefits payable and understatement of accounts payable for the General Fund and Governmental Activities.
- Correct a \$3.3 million understatement of construction in progress and overstatement of professional services expense for the Landfill Enterprise Fund and Business-type Activities.
- Correct a \$95 thousand and \$12 thousand understatement of miscellaneous revenue and accounts receivable for the General Fund and Golf Course Fund, respectively.
- Correct \$765 and \$219 thousand understatement of unearned revenue and overstatement of miscellaneous revenues for the General Fund and Golf Course fund, respectively.
- Correct a \$257 thousand overstatement of miscellaneous revenue and due from other governmental units for the Streets and Roads Fund to an understated miscellaneous revenue and due from other governmental units for the Other Capital Projects Fund.
- Reclassify certain Business-type Activity debt for financial reporting presentation purposes.

Cause: The County’s Department of Finance lacks the technical resources to analyze the continually increasing volume of transactions the County enters into yearly in order to effectively, efficiently, and compliantly prepare the County’s ACFR in accordance with GAAP, in addition to performing their daily operations. This significant deficiency is manifested primarily by the lack of timely external financial reporting.

Effect: The limited technical resources within the County’s Finance Department, coupled with the staffing demands of a financial system implementation, resulted in instances where the complete and accurate recordation of some financial transactions within the General Ledger did not occur or were not presented completely and accurately within the ACFR.

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Recommendation: We recommend the County address this people-centric need by considering the identification, hiring, and retaining of experienced accountants as a mission-critical, long-term objective. Over the years, the staffing levels of the Department of Finance has not kept pace with the growth experienced by the County and the increased demands on the Department of Finance to support that growth. With the unprecedented mass exit from the workplace across the county and the limited availability of technically acceptable candidates within the market, the County has struggled to fill vacancies with candidates possessing the skill sets needed for a fully-functioning financial accounting and reporting operation for a jurisdiction of size and scope of the County.

Views of responsible officials and planned corrective action: The Finance Department was and remains stretched beyond its typical workloads in calendar years 2020, 2021 and 2022, even considering the standard overtime worked to complete department deliverables, such as, the ACFR and related external audit as well as the accurate recording and reporting of financial activity. The Finance Department's permanent workload has steadily increased and outpaced Finance's workforce capacity over the last decade. This can be seen by the steady increases in the County's revenue budget from \$1.6B in FY 2012 to \$2.5B in FY 2021, an increase of 56% from FY 2012. Additionally, the County's expenditure budgets have also increased from \$1.7B in FY 2012 to \$2.6B in FY 2021, an increase of 53% from FY 2012.

The workload increase is also due to the increasing number of residents and businesses that now call the County their home, thus, increasing the quantity of taxes collected, processed, and accounted for as well as the increase in Tax Administration customer service demands. Additionally, the County has increased the number of active capital projects and programs/services, which directly increases the number of Requests for Proposal (RFPs) and resulting contracts processed by Procurement Services and strains an already lean workforce. The increase in the number of transactions has also strained the Financial Reporting & Control (FRC) Division to manage the increasing workloads and to complete the ACFR and annual external audit timely, despite the seasoned team's best efforts and dedication. Additionally, the Finance Department began an upgrade of its financial management system in July 2020. The upgrade was intended to be a one-year "lift and shift" but has proved to be a more complex system implementation, spanning over two-years, further stretching existing staffing resources. During this same time period, the Finance Department was responsible for overseeing the administration of an additional \$200 million of federal funds awarded to the County under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). Increased grant activity directly impacts the accounting and controls needed to ensure compliance with federal regulations and places additional demands on the Finance Department.

The additional workload demands, coupled with a challenging hiring environment and a decline in the number of qualified technical accountants in the local government accounting industry has led to difficulties in filling vacancies within the Finance Department. Even when qualified candidates are identified, candidates routinely decline the job offer due to the salary being offered. Our salary ranges are not competitive for the qualified, technical staff needed to fill current vacancies without exacerbating internal equity issues.

During the FY 2023 budget process, the Board of County Supervisors approved nine new full-time equivalent (FTE) positions for the Finance Department. However, two of the nine positions are directly attributable to workload that will be generated by a new food and beverage tax. After a decade of nominal increases in FRC's staffing (15 FTEs in 2012 vs. 16 FTEs in 2022), even the four new positions granted in the FY 2023 Adopted Budget specifically for FRC still do not substantially address the

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

staffing needs to handle current workload demands nor future County growth and new projects. Additionally, as this finding points out, the ability to produce quality work even with experienced staff, temporary employees, and contractors has proved difficult due to the strain on the Finance Department's workforce. This issue will continue to be exacerbated if staffing issues are not addressed.

To respond to the finding, Finance plans to fill the nine new positions as quickly as possible with qualified individuals. Additionally, a few of the hard-to-fill, extended vacancies have now been successfully filled. Finance will continue to strive to actively fill its other vacant positions as well. However, there is still a limit to the remediation efforts without adding additional FTEs to further distribute the ever-growing workloads and demands the County has come to expect the Finance Department to achieve.

B. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants:

a. Finding 2021-002: Non-material Noncompliance – Fire Programs Aid to Localities

Criteria: Section § 38.2-401 of the *Code of Virginia* provides local assistance to Fire Programs across 323 counties, independent cities, and incorporated towns in the Commonwealth of Virginia solely for specific fire service purposes, which the Virginia Fires Services Board has outlined in the Aid to Localities Program Policy Manual (the "manual"). Per the manual, disbursements under this local assistance program must be used in accordance with the manual's allowable disbursement policies.

Condition: During our testing of twenty-five (25) disbursements, we noted three (3) instances where a disbursement was for an expenditure that did not fall within the manual's allowable disbursement guidelines or the County lacked support to show that the unallowable disbursement had been pre-approved by the Virginia Department of Fire Programs Budget and Grants Manager.

Cause: Lack of controls over the disbursements to verify that all disbursements are in compliance with the policy manual prepared by the Commonwealth of Virginia and lack of controls over the retention of pertinent Fire Program documentation.

Effect: Non-compliance could result in action by the Commonwealth of Virginia.

Repeat Finding: Yes, see prior year finding 2020-006.

Recommendation: Disbursements should be reviewed and only approved if costs are allowable.

View of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2021-002. The Department of Fire and Rescue (DFR) Assistant Director for Administrative Services had a discussion with the VDP Budget and Grant Manager regarding the definition and parameters of unallowable maintenance expenses which provided clarity regarding allowable expenses. Maintenance expenses are now charged to a General Fund cost center. A review of expenses within the Aid to Localities (ATL) cost center occurs during the fiscal year to determine if unallowable maintenance expenses were charged and if so, they are reclassified to a General Fund cost center. Communication and training for DFR officers with expenditure and/or approval authority of ATL funds has occurred with emphasis on unallowable expenses, including maintenance, and guidance to charge

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

such items to a General Fund chart of accounts.

b. Finding 2021-003: Non-material Noncompliance – Conflict of Interests

Criteria: Section § 2.2-3115 of the *Code of Virginia* requires that certain local government officials and employees file a Statement of Economic Interest (“SOEI”), Financial Disclosure Statement (“FDS”), and/or Real Estate Disclosure (“RE”) form with the clerk of the local governing body by February 1st or prior to assuming office or taking employment.

Condition: During our testing of eighteen (18) new officials and employees required to complete the forms, we noted two (2) instances where the required disclosure form was not filed prior to the employee beginning employment or local official assuming office.

Out of a total of three hundred and twenty-three (323) officials and employees required to file a SOEI, FDS and/or a RE form, we noted twelve (12) instances in which the official or employee did not complete their disclosure requirements.

Cause: The County does not have the legal authority to enforce compliance with Section § 2.2-3115 of the Code of Virginia. However, the Prince William County Clerk to the Board of County Supervisors’ Office (“Clerk’s Office”) does have procedures in place to notify and disseminate the required forms to qualified individuals prior to the due date to encourage compliance.

Effect: Non-compliance could result in action by the Commonwealth Attorney’s Office through the assessment of a \$250 civil penalty against non-compliant individuals.

Repeat Finding: Yes, see prior year finding 2020-008.

Recommendation: Local government officials should complete the statement of economic interest in accordance with prescribed requirements.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2021-003. The Clerk’s Office is only required to distribute the annual forms and maintain the forms which are filed and has a system in place to facilitate this process. Annually, the Clerk’s Office notifies individuals who are appointed to the Board, Committees, and Commissions as well as applicable existing PWC employees, to encourage them to file their SOEI, Financial Disclosure Statement, and/or Real Estate Disclosure Form timely. The Clerk’s Office cannot compel individuals to comply with the law as the County lacks the authority to enforce such compliance. Only the Commonwealth Attorney can enforce compliance against individuals by assessing a civil penalty. Therefore, the County fulfills its obligations under the Virginia Code by encouraging compliance. The Clerk’s Office will continue to follow their existing process to compel required individuals to submit their forms timely and utilize existing systems to collect and maintain these files.

Additionally, the Human Resources Department (“HRD”) is reviewing the current processes and systems in place and will be meeting with key stakeholders to develop a refined process to address the collection of forms from new hires with filing requirements.



The Board of County Supervisors

Ann B. Wheeler, Chair
Margaret Angela Franklin, Vice Chair
Victor S. Angry
Andrea O. Bailey
Kenny A. Boddye
Pete Candland
Jeanine M. Lawson
Yesli Vega

**COUNTY OF PRINCE WILLIAM, VIRGINIA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021**

A. Finding 2021-001: Significant Deficiency – Internal Control Over Financial Reporting – Annual External Financial Reporting in Accordance With Accounting Principles Generally Accepted in the United States of America

Name of Contact Person: Michelle Attreed, Director of Finance/Chief Financial Officer

Corrective Action:

To respond to the finding, Finance plans to fill the nine new positions as quickly as possible with qualified individuals. Additionally, a few of the hard-to-fill, extended vacancies have now been successfully filled. Finance will continue to strive to actively fill its other vacant positions as well. However, there is still a limit to the remediation efforts without adding additional FTEs to further distribute the ever-growing workloads and demands the County has come to expect the Finance Department to achieve.

Proposed Completion Date: Immediately

B. Finding 2021-002: Non-material Noncompliance – Fire Programs Aid to Localities

Name of Contact Person: Chief Jim Forgo, Acting Director of the Department of Fire & Rescue

Corrective Action: Management concurs with Finding 2021-002. The Department of Fire and Rescue (DFR) Assistant Director for Administrative Services had a discussion with the VDP Budget and Grant Manager regarding the definition and parameters of unallowable maintenance expenses which provided clarity regarding allowable expenses. Maintenance expenses are now charged to a General Fund cost center. A review of expenses within the Aid to Localities (ATL) cost center occurs during the fiscal year to determine if unallowable maintenance expenses were charged and if so, they are reclassified to a General Fund cost center. Communication and training for DFR officers with expenditure and/or approval authority of ATL funds has occurred with emphasis on unallowable expenses, including maintenance, and guidance to charge such items to a General Fund chart of accounts.

Proposed Completion Date: Immediately

COUNTY OF PRINCE WILLIAM, VIRGINIA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

C. Finding 2021-003: Non-Material Noncompliance – Conflict of Interests

Name of Contact Person: Andrea Madden, Clerk to Board of County Supervisors (BOCS)

Corrective Action: Management concurs with Finding 2021-003. The Clerk’s Office is only required to distribute the annual forms and maintain the forms which are filed and has a system in place to facilitate this process. Annually, the Clerk’s Office notifies eligible individuals, who are appointed to the Board, Committees, and Commissions as well as applicable existing PWC employees, to encourage them to file their SOEI, Financial Disclosure Statement, and/or Real Estate Disclosure Form timely. The Clerk’s Office cannot compel individuals to comply with the law as the County lacks the authority to enforce such compliance. Only the Commonwealth Attorney can enforce compliance against individuals by assessing a civil penalty. Therefore, the County fulfills its obligations under the Virginia Code by encouraging compliance. The Clerk’s Office will continue to follow their existing process to compel required individuals to submit their forms timely and utilize existing systems to collect and maintain these files.

Additionally, the Human Resources Department (“HRD”) is reviewing the current processes and systems in place and will be meeting with key stakeholders to develop a refined process to address the collection of forms from new hires with filing requirements.

Proposed Completion Date: Immediately

COUNTY OF PRINCE WILLIAM, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021
(amounts expressed in thousands)

A. Status of Prior Year Findings:

a. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

i. 2020-001: Material Weakness – Landfill Closure/Postclosure Liability

Summary of Finding: During the County’s review of the current year Engineer’s Report, the Finance Department staff noted a change in the verbiage contained within the report resulting in the discovery of a payment of \$3,525 made in prior years that was not netted against the liability. Therefore, overstating the closure and postclosure liability as of the prior fiscal year-end.

Corrective Action Taken: Management concurs with Finding 2020-001 and believes this was a one-time, isolated error that came to light as a result of more specific verbiage provided by the consultant in the current year Engineer’s Report. Thus, County staff took the appropriate action and notified the external auditors of the prior year error and proceeded to record the prior year adjusting entry to restate beginning balances in the Landfill Fund. County staff will continue to review the Engineer’s Report going forward.

Status Update: This was a one-time, isolated error that staff took the appropriate action in notifying the external auditors and recording the prior year adjusting entry. We discussed the situation further with staff to deepen their understanding of the Engineer’s Report. We receive the Engineer’s Report annually and we will not receive the FY 2021 Engineer’s Report until late August. At that time, staff will apply their increased knowledge to the analysis of this report.

ii. 2020-002: Material Weakness – Revenue Recognition

Summary of Finding: Within the Transportation Department, certain bills were billed to the incorrect customers and then reissued to the correct customer when the error was found. This resulted in double billings within the general ledger system as the first bill to the incorrect customer was not being properly reversed within the accounting system. As of year-end for the governmental fund statements under the modified basis of accounting, this resulted in an overstatement of accounts receivable and deferred inflows of resources related to unavailable transportation revenues for the bills billed to the incorrect customers as they were unpaid as of year-end and after the availability period. As of year-end for the government-wide financial statements under the full accrual basis, this resulted in an overstatement of accounts receivable and revenues for the bills billed to the incorrect customers that were unpaid as of year-end.

Corrective Action Taken: Management concurs with Finding 2020-002. This situation is a continuation of a prior year finding within the Department of Transportation and is a result of miscommunication. Historically, part of the billing process to certain project partners was handled in the field by project managers, while the majority of other project billings were handled in the office by accounting staff. At the end of FY 2020, Transportation staff began discussing the transition of field billing to the accounting staff to avoid errors, discrepancies, and duplicate billings. Additionally, Transportation’s accounting staff has new leadership to assist with the billing and reimbursement process and will be collaborating with FRC over the remainder of the fiscal

COUNTY OF PRINCE WILLIAM, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021
(amounts expressed in thousands)

year 2021 to identify opportunities to strengthen Transportation’s billing practices and to develop an oversight process of all billings to mitigate against incorrect and duplicate billings.

Status Update: Transportation continues to make adjustments to the billing and reimbursement process due to new technology including the use of both AdobeSign software and the new Mobius Financial System. All billing and reimbursements are being processed by the accounting staff based on agreements, documentation, spreadsheets, and collaboration with the project managers. Billing by field staff has been eliminated. In addition to the preparation process, the reimbursement requests are reviewed by multiple department staff to ensure that the information is accurate. We are also implementing an additional project reconciliation review to verify project expenses.

b. Findings and Questioned Costs for Federal Awards

i. **2020-003: Significant Deficiency and Compliance Qualification – Financial Reporting for Section 8 Housing Choice Voucher Cluster (ALN Number 14.871) – U.S. Department of Housing and Urban Development**

Summary of Finding: Of the three monthly HUD-52681-B reports selected for testing, the following were noted: two (2) reports did have support for the housing assistance payment expenses reported.

Corrective Action Taken: Management concurs with Finding 2020-003. Office of Housing and Community Development (OHCD) staff will continue to attend trainings to increase their understanding of the necessary HUD reports and has accumulated other resources to help them further their understanding of the program requirements.

Status Update: Staff has added two financial trainings during the physical year on HUD reporting. Staff is also keeping detailed records for backup for reports.

ii. **2020-004: Non-material Noncompliance – Eligibility for Medical Assistance Program - Medicaid Cluster (ALN Number 93.778) – U.S. Department of Health and Human Services – Virginia Department of Social Services**

Summary of Finding: A sample of 60 participants were selected for eligibility to receive program assistance. Two (2) participant case files did not include evidence that a renewal was completed within twelve months from the prior re-determination.

Corrective Action Taken: Management concurs with Finding 2020-004. All findings of non-compliance will be noted, and individualized feedback and training will be provided to employees when errors are found. As a result of the Medicaid expansion, the Board of County Supervisors approved eighteen (18) new positions for the Department of Social Services (DSS) to address the expanded workload and the existing resource constraints. The staff has completed their 18- to 24-month training and are now able to assume full eligibility duties. This, in conjunction with the implementation of a new position Classification and Compensation system and the introduction of

COUNTY OF PRINCE WILLIAM, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021
(amounts expressed in thousands)

telework, has increased DSS' ability to hire experienced staff who do not need basic eligibility training.

Status Update: In FY 2021, the Commonwealth waived renewing applications due to the pandemic, which prevented all local Departments of Social Services statewide from reducing coverage levels or closing Medicaid cases for no longer meeting program requirements. This, along with a large surge (>100%) in new applications, has resulted in an increased number of Medicaid caseload per worker.

iii. **2020-005 – Non-material Noncompliance – Eligibility and Special Reporting for Section 8 Housing Choice Voucher Cluster (ALN Number 14.871) – U.S. Department of Housing and Urban Development**

Summary of Finding: Per CFR Section 982.158, the PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD Requirements, including properly completed HUD-50058 forms. The PHA must maintain records to document the basis for PHA determination that rent to owner is a reasonable rent. Per CFR 24 Section 982.516, the PHA must obtain and document in the tenant file third-party verification of reported family income and the value of assets. These verified amounts are then used in the HUD-50058 form. The PHA also shall require the family head to execute a HUD-approved release and consent form authorizing any depository or private source of income, or any Federal, State, or local agency, to furnish or release to the PHA such information as the PHA determines to be necessary. This is done through the HUD-9886 form. For Eligibility, of the sixty (60) tenant case files selected for testing, two (2) tenant case files had insufficient income verification. For Special Reporting, of the sixty (60) tenant case files selected for testing, one (1) tenant case file had a HUD-50058 form that was not filled out properly.

Corrective Action Taken: Management concurs with Finding 2020-005. OHCD will continue implementing a corrective action plan regarding employee performance and the development of a Quality Control (QC) review process. Management will proactively work with the Housing Program Analyst to develop an improvement plan to progress all employee towards acceptable error standards of less than 5% of those tested in accordance with the Section 8 Mortgage Assistance Program standard for Public Housing Agencies (PHAs). Ongoing monitoring of individual employee progress will be performed by management.

Additionally, all Housing Program Analysts will continue to provide to the assigned QC Housing Program Manager all new lease ups to include HAP contracts for signature as well as recertification moves and/or rent increases and interims. The QC Housing Program Manager will complete the evaluation on the accepted QC review form and record the evidence on the QC Error Report. If there is an error(s), the supervisor(s) will identify the error(s) and relay the corrective action needed to the Housing Program Analyst as a way to further develop their knowledge and understanding of the program requirements and increase their awareness of the types of errors that can be made and how to correct them. After the correction(s) are completed, the file will be given to the QC Housing Program Manager to verify and note that the corrections were made. This

COUNTY OF PRINCE WILLIAM, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021
(amounts expressed in thousands)

information will be printed out monthly and provided to the Director and Rental Assistance Program Managers for review.

The QC and error data will be incorporated into ongoing employee performance evaluations to improve accountability of staff and supervisors, identify strengths and weaknesses of staff, and adequately assess employee performance.

Status Update: Housing supervisors are still conducting QCs on all new lease ups to include HAP contracts for signature as well as recertification moves and/or rent increases and interims to catch errors and verifying that any necessary corrections have been completed.

c. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

i. 2020-006: Non-material Noncompliance – Fire Programs Aid to Localities

Summary of Finding: Section § 38.2-401 of the Code of Virginia provides local assistance to Fire Programs across 323 counties, independent cities, and incorporated towns in the Commonwealth of Virginia solely for specific fire service purposes, which the Virginia Fires Services Board has outlined in the Aid to Localities Program Policy Manual (“the manual”). Per the manual, disbursements under this local assistance program must be used in accordance with the manual’s allowable disbursement policies. During our testing of twenty-five (25) disbursements, we noted a total of three (3) instances of noncompliance: One (1) instance where an employee was reimbursed for an allowable cost; however, the sales tax (\$38.09) from the purchase was also reimbursed and is not allowable under the program. Two (2) instances of maintenance costs (\$173.00) for program equipment, which is not an allowable cost under the program.

Corrective Action Taken: Management concurs with Finding 2020-006. The Department of Fire and Rescue (DFR) will contact the Virginia Department of Fire Programs (VDP) to determine the procedures to revise the report or make an adjustment to the program in FY 2021 since the FY 2020 program year is closed.

Additionally, the DFR Assistant Director for Administrative Services obtained clarification of unallowable costs to the program, including specificity around sales tax and maintenance costs of program equipment, from the VDP Budget and Grant Manager. In light of these clarifications and issues identified, communication and training of DFR officers administering the program has already occurred. In the future maintenance costs and sales tax will not be charged to the program. Furthermore, program expenditures will continue to be reviewed throughout the fiscal year as well as prior to submitting the annual report to ensure unallowable costs are not charged to the program and adjustments will be made to program expenditures accordingly, if needed.

Status Update: In FY2021 the following actions were taken: Communication and Training with Fire & Rescue senior leadership and Aid to Locality (ATL) authorized expenditure personnel regarding audit findings, corrective actions and procedures going forward to comply with ATL guidelines. ATL

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expenses already incurred were reclassified from ATL fund to the General Fund. Purchase Orders and payments for maintenance expenses were coded to the General Fund. All P-Card expenses and reimbursements were ensured to have taxes removed; any expense of this type is coded to the General Fund.

Repeat Finding: This is a repeat finding in FY 2021. Please see 2021-002.

ii. **2020-007: Non-material Noncompliance – Property Taxes and Property Taxes Receivable**

Summary of Finding: During our testing, we noted that the original and supplemental assessments of real estate taxes for tax year 2019 could not be fully traced from the Land Book to the general ledger, leaving an unreconciled difference of \$729,531 and \$38,576 of Community Development Authorities' (CDAs) uncollected related fees were not allocated to the respective CDA funds' accounts receivable and deferred inflows of resources at year-end.

Corrective Action Taken: : Management concurs with Finding 2020-007. To ensure this does not occur in the future, the Department of Finance Tax Administration Division Tax Administration has developed year-end check lists/desk guides for its employees to utilize to ensure all reports and reconciliations are completed within the system's open time frame for producing the reports in order to properly capture all revenue allocations. Similar actions are being taken in the Department of Finance Financial Reporting & Control (FRC) Division to provide a secondary layer of control.

Additionally, the Department of Finance Tax Administration Division is already working with its RevenueOne software vendor, Avenity, to explore and create an interface process to automate the recording of the tax collection activity into the general ledger. Since an internal audit of the Tax Administration Division was already scheduled for calendar year 2021, RSM, the County's third-party internal auditors, will focus their audit efforts around assisting the Tax Administration Division map the tax activity from RevenueOne to the general ledger to aid in the automation of this process thus, making reconciling the activity more efficient and less prone to human error or oversight. The FRC Division will also make the necessary entry to record the \$38,576 in the CDAs fund in FY 2022.

Status Update: PWC Internal Audit was not able to conduct a review of how revenue activity is mapped from RevOne and Ascend/Mobius during FY 2021. However, Tax Administrator managers have taken on the task instead and expect to complete it before the end of 2021 calendar year. Additionally, Taxpayer Services changed the import process of the Land book records to RevOne for easier reconciliation and identifying discrepancies going forward.

iii. **2020-008: Non-material Noncompliance – Conflict of Interest**

Summary of Finding: During our testing of eighteen (18) County Board members, County officials, and other County personnel required to complete the forms, we noted one (1) instance where the required disclosure form was not filed prior to the employee beginning employment, and four (4) instances where County officials and employees did not properly complete the required form.

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We also noted thirty-eight (32) out of a total three-hundred and twenty-two (322) total board, committee and commission members, and department heads required to complete either a SOEI, FDS and/or a RE form did not complete their disclosure requirements. Additionally, six (6) out of a total three-hundred and twenty-two (322) total board, committee and commission members, and department heads required to complete either a SOEI, FDS and/or a RE form were filed late.

Corrective Action Taken: Management concurs with Finding 2020-008. The Office of Executive Management (OEM) has begun a thorough review of all Board, Committees, and Commissions to ascertain membership, purpose and filing requirements. County staff will continue to send oral and written notifications to the County staff and government officials reminding them to submit their Statement of Economic Interest forms completely, accurately, and on time. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted by County employees is time stamped and reviewed. Since the prior year's finding, OEM worked with Human Resources (HR) to provide the necessary forms to employees hired into qualifying positions as part of the onboarding process, prior to the commencement of their employment with the County. This new initiative was implemented in 2020 to help encourage compliance and awareness of the Commonwealth's disclosure requirements prior to starting a position at the County. Additionally, training will be held for elected officials on requirements of the Virginia Conflict of Interests Act, including completion of the required Statements of Economic Interests filing.

Status Update: PWC had to delay the review of all Board, Committees, and Commissions (BCC) to ascertain membership, purpose and filing requirements due to competing priorities. The review is still planned and will be completed at a later date. In the meantime, Office of Executive Management (OEM) staff have made notable progress in obtaining completed forms from the BCC members and PWC employees in 2021. OEM staff continue to inform BCC members of the online training offered by the Commonwealth as well as continuing to provide the COI forms to the BCC members and PWC employees for completion in 2021. They continued to send out reminder letters and/or emails to encourage people to complete the form but have no authority to enforce this requirement.

Repeat Finding: This is a repeat finding with regards to County instances in FY 2021. Please see 2021-003.

PWCares for the Community

FY2021

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