



PRINCE WILLIAM COUNTY

Prince William County, Virginia Internal Audit Report – CARES Act Sub-Recipient Monitoring Phase II & III

April 6, 2022



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TRANSMITTAL LETTER



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April 6, 2022

The Board Audit Committee of
Prince William County, Virginia
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Prince William, Virginia 22192

Pursuant to the statement of work dated October 27, 2021, as well as the change order dated January 25, 2022, executed by Prince William County's ("County," "PWC") Finance Department, and as reported to the Board of County Supervisors ("BOCS"), we hereby present the internal audit report on CARES Act Sub-Recipient Monitoring Phase II and Phase III. CARES Act Sub-Recipient Monitoring Phase I was accepted by the BOCS on October 5, 2021. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on May 10, 2022.

Our report is organized into the following sections:

Executive Summary	This section provides an overview of funding and summarizes the current status of Coronavirus Relief Funds ("CRF") allocations by sub-recipient, as approved by the BOCS for the use of the CARES Act program funds.
Background	This provides an overview of the CARES Act programs at the County, as well as relevant background information on the sub-recipients who received funding.
Objectives and Approach	The objectives of this internal audit are expanded upon in this section, as well as the various Phases of our approach.
Detailed Results	This section includes a description of the funding received, scope of testing, and observations noted by sub-recipient during our review, as well as program enhancement opportunities for consideration.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

Internal Audit



EXECUTIVE SUMMARY

County CARES Act Background

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was passed by U.S. Congress on March 27, 2020, to provide funding in response to the novel coronavirus (“COVID-19”). The County received a combined amount of \$82,069,830 in CARES Act Coronavirus Relief Funds (“CRF”) in addition to the \$1,497,167.65 of CRF funds received as a pass through to the Prince William County Service Authority for their utility relief program. Funding was allocated by the BOCS to support several initiatives, including: COVID-19 testing; vaccination support; small business micro-grants and economic recovery; community feeding; homeless services; distant learning (Schools); mortgage/rental/utility assistance; support for community organizations; childcare initiatives, among others.

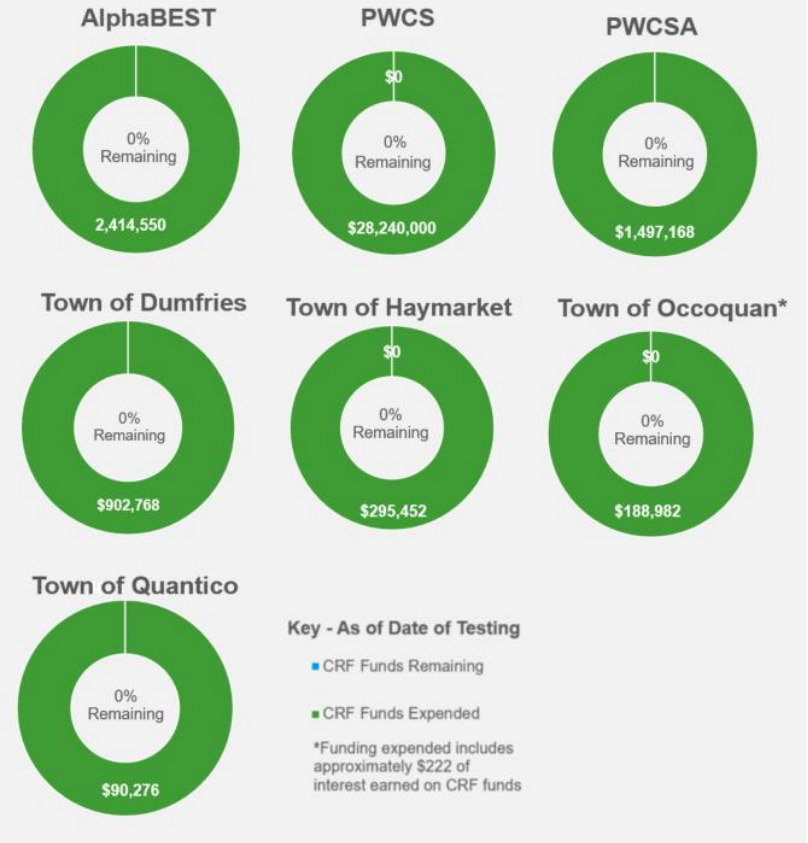
Between June 2020 and December 2020, the BOCS authorized numerous Memorandums of Understanding (“MOUs”), Certifications and other Agreements with twelve (12) sub-recipients, to provide CARES Act CRF funds for the purpose of responding to the COVID-19 pandemic. On October 5, 2021, the internal audit report for CARES Act Sub-recipient Monitoring Phase I was presented to the BOCS. Phase I included ten (10) of the twelve (12) sub-recipients, in addition to SkillSource Group, Inc.; the remaining two (2) sub-recipients are monitored by PWC internally.

The scope of funds monitored during Phase II was limited to the CRF funds remaining as of the testing date from Phase I for each sub-recipient. For sub-recipients with funds remaining as of the testing date for Phase II, a third round (Phase III) of sub-recipient monitoring was performed. The testing period varied for each sub-recipient and can be located within the “Detailed Results” section of this report.

Overview of Sub-Recipients Monitored

Sub-Recipient Monitored	Observation Noted	Process Improvement Noted
AlphaBEST Education, Inc. (“AlphaBEST”)		
Prince William County Public Schools (“PWCS”)	1	
Prince William County Service Authority (“PWCSA”)		
Town of Dumfries	5	1
Town of Haymarket	1	
Town of Occoquan	3	
Town of Quantico	2	
County-level		2

CARES Act CRF Spending Status by Sub-Recipient



The four (4) additional organizations previously monitored as part of Phase I are as follows:

- Action in Community Through Service - \$100,000
- Capital Area Food Bank - \$500,000
- The Human Services Alliance of Greater Prince William - \$3,000,000
- The SkillSource Group, Inc. - \$739,739



BACKGROUND

Overview of CARES Act

The Coronavirus Aid, Relief, and Economic Security Act was passed by U.S. Congress on March 27, 2020. The CARES Act established a \$150 billion Coronavirus Relief fund, which provides for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The CARES Act requires that the payments from the CRF only be used to cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021¹.

The amounts disbursed to States, the District of Columbia, U.S Territories, and eligible units of local government were based on each areas' population. The units of local government eligible for CARES Act funds may include a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level that meets eligibility requirements as defined by the U.S. Department of the Treasury ("Treasury"). The CARES Act specifically excludes the ability of State and Local governments to use Coronavirus Relief Funds to replace revenue shortfalls. The CARES Act provides for monitoring and oversight by the Inspector General of the Department of the Treasury of the receipt, disbursement, and use of Coronavirus Relief Funds.

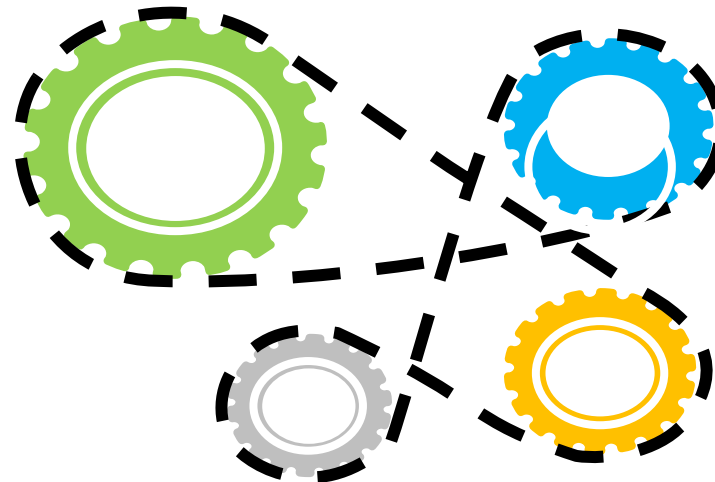
The intent of CARES Act grant funding is to cover direct costs incurred by local governments and their communities as a result of the unprecedented circumstances associated with the COVID-19 pandemic. CARES Act funds were disbursed by the U.S. Department of Treasury to the State of Virginia, and ultimately distributed by the Department of Accounts (DOA) to the respective counties and cities (excluding Fairfax County). To maintain compliance with the CARES Act Funding Agreement, local governments must implement a monitoring system that ensures compliance with funding requirements and expectations.

Define Eligible Expenditures:

Eligible governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19, as long as they are compliant with the requirements laid out by the Treasury.

Keep Sufficient Records:

A government should keep records sufficient to demonstrate that appropriate use of payments were made.



Document Assessment of Need:

Programs should be structured in a manner to ensure that such assistance is determined to be necessary in response to the COVID-19 public health emergency.

Perform Sub-Recipient Monitoring:

Monitoring procedures should be performed on a regular basis to ensure CRF funds are being used in compliance with Treasury guidelines.

The next section details how the County has allocated the CARES Act funding received amongst multiple programs and entities.

¹ On December 27, 2020, Congress signed into law the Consolidated Appropriations Act (2021) which extended the deadline to from December 30, 2020, to December 31, 2021. Additionally, on December 14, 2021, Treasury revised guidance on CRF "to provide that a cost associated with a necessary expenditure incurred due to the public health emergency shall be considered to have been incurred by December 31, 2021, if the recipient has incurred an obligation with respect to such cost by December 31, 2021". Treasury defines an obligation as "an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment".



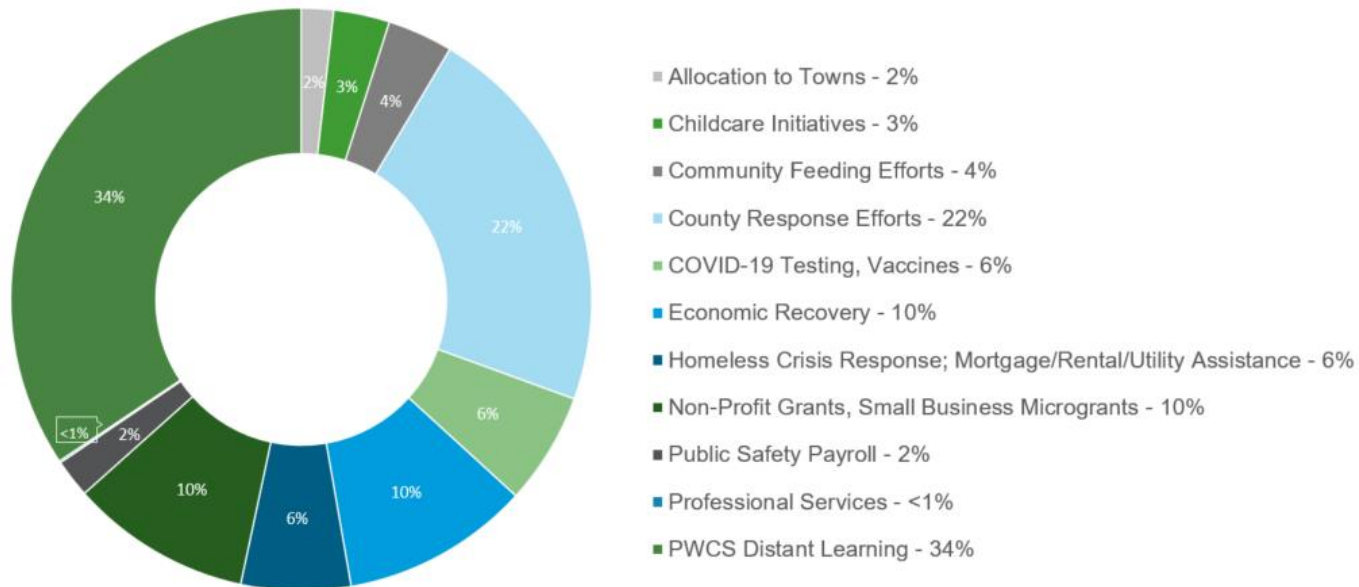
BACKGROUND – CONTINUED

“What is Prince William County Doing?”

The local government of Prince William County is comprised of an eight-member Board of County Supervisors. The BOCS is elected by the residents of Prince William County and is the policy-making body for the County government. The BOCS is responsible for adopting local laws, setting policies, and adopting budgets, among many responsibilities. In regard to the CARES Act CRF funds, the BOCS is responsible for the transfer, budget, and appropriation of those CRF funds received. The BOCS acted to authorize the Chair, County Executive, and/or Chief Financial Officer to execute required MOUs, Certifications, and other Agreements with sub-recipients to provide CARES Act CRF funds for the purpose of responding to the COVID-19 pandemic.

In May 2020, the County was allocated \$41,034,915 in CARES Act CRF funds to address and respond to the COVID-19 pandemic. In July 2020, the Commonwealth of Virginia allocated an additional \$41,034,915 in CARES Act CRF funds to the County. In total, the County was awarded \$82,069,830 from the CARES Act Coronavirus Relief Fund to address the impact of the COVID-19 outbreak. CRF funding was allocated to support several initiatives, including small business microgrants and economic recovery; COVID-19 testing; vaccination support; community feeding; homeless services; allocations to the four (4) Town(s) within Prince William County based on population; distant learning support (school division); mortgage/rental/utility assistance; support for community organizations; childcare initiatives, among others. Additionally, the County received \$1,497,167.65 of CRF funds as a pass through to the Prince William County Service Authority for their utility relief program.

As of March 8, 2022, \$82,217,682² of CRF funding had been allocated by the County as follows³:



² Amount includes \$147,852 of program income.

³ Values are approximate and based on the County's CARES Act Spend Report as of March 8, 2022.



BACKGROUND – CONTINUED

Sub-Recipient Organizations

Between May 2020 and December 2020, the BOCS authorized numerous MOUs, Certifications and other Agreements with third parties (sub-recipients) to provide CARES Act CRF funds for the purpose of responding to the COVID-19 pandemic. A total of twelve (12) sub-recipient organizations were awarded CRF funds on behalf of Prince William County. In addition to these sub-recipients, the County also awarded funds to the Industrial Development Authority (“IDA”), as well as Boys & Girls Club of Greater Washington. Those two agencies are monitored by PWC internally.

Phase II monitoring included seven (7) of the eleven (11) sub-recipients monitored as part of Phase I. The remaining four (4) sub-recipients had fully expended their CRF funds prior to Phase II monitoring, and therefore did not require subsequent monitoring procedures. Following the completion of Phase II, additional monitoring procedures were performed on the four (4) sub-recipients with funds remaining as of the Phase II testing date, as noted below.

AlphaBEST Education, Inc. - \$2,414,550



AlphaBEST Education, Inc. (“AlphaBEST”) was founded in 2005 and provides before and after school care programming to students across multiple states and localities, including Prince William County. The mission of AlphaBEST is to partner with schools and families to engage children’s minds, expand their horizons, and provide parents with a sense of security.

Prince William County Public Schools^{4,5} - \$28,240,000



Prince William County Public Schools (“PWCS”) is the second largest school division in Virginia, serving over 89,000 students ranging from pre-school to high school. The mission of PWCS is to provide a world class education.



Prince William County Service Authority - \$1,497,168

Prince William County Service Authority Inc. (“PWCSA”) was founded in 1983 to supply drinking water and water reclamation services to residences and businesses in the Washington metropolitan area. The mission of PWCSA is to be dedicated to excellence in providing safe, reliable water services to their customers and returning clean water to the environment.



The Town of Dumfries - \$902,768

The Town of Dumfries is one of the four (4) towns located within the borders of Prince William County. The County was required to allocate an equitable share of CRF funds received to each town within its jurisdiction. As of the 2018 U.S Census, the population of the Town of Dumfries was 5,234. This census data was used to determine the allocation to the towns by the County.



Town of Haymarket⁵ - \$295,452

The Town of Haymarket is one of the four (4) towns located within the borders of Prince William County. The County was required to allocate an equitable share of CRF funds received to each town within its jurisdiction. As of the 2018 U.S Census, the population of the Town of Haymarket was 1,715. This census data was used to determine the allocation to the towns by the County.

⁴ Enrollment total is as of September 30, 2020, per the PWCS website.

⁵ Sub-recipient was included in Phase III monitoring procedures



BACKGROUND – CONTINUED



Town of Occoquan⁵ - \$188,760

The Town of Occoquan is one of the four (4) towns located within the borders of Prince William County. The County was required to allocate an equitable share of CRF funds received to each town within its jurisdiction. As of the 2018 U.S Census, the population of the Town of Occoquan was 1,089. This census data was used to determine the allocation to the towns by the County.



Town of Quantico⁵ - \$90,726

The Town of Quantico is one of the four (4) towns located within the borders of Prince William County. The County was required to allocate an equitable share of CRF funds received to each town within its jurisdiction. As of the 2018 U.S Census, the population of the Town of Quantico was 524. This census data was used to determine the allocation to the towns by the County.

The four (4) organizations previously monitored as part of Phase I are as follows:



Action in Community Through Service - \$100,000



Capital Area Food Bank - \$500,000



The Human Services Alliance of Greater Prince William - \$3,000,000



The SkillSource Group, Inc. - \$739,739

⁵ Sub-recipient was included in Phase III monitoring procedures



OBJECTIVES AND APPROACH

Objectives

The primary objective of this internal audit was to conduct a second, and where applicable, third round of sub-recipient monitoring of the seven (7) in-scope CARES Act sub-recipients, on behalf of Prince William County. These sub-recipients were monitored as part of Phase I, but had CRF funds remaining as of the date of Phase I testing. Phase II monitoring was focused on CRF funds remaining as of the date of Phase I testing, whereas Phase III monitoring focused on CRF funds remaining as of the date of Phase II testing. The scope of this internal audit encompassed understanding and documenting CARES Act funding programmatic, eligibility, and allowability decisions made by each sub-recipient, conducting walkthroughs to understand how the CARES Act funds were managed from receipt to disbursement, as well as performing sample-based testing of expenditures to ensure they qualify as:

1. A necessary expenditure incurred due to the public health emergency created by COVID-19;
2. Were not accounted for in the budget most recently approved as of March 27, 2020, and;
3. Were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

Approach

Our audit approach consisted of the following Phases:

Understanding and Documentation of the Process

For Phase II, we conducted interviews with the appropriate representatives from the County to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We obtained and reviewed 1) Relevant BOCS meeting minutes; 2) County level CRF budgets, and 3) Certifications of receipt of CRF funds for each sub-recipient in scope. We performed walkthroughs with each sub-recipient to gain an understanding of how CARES Act funds were managed from receipt to disbursement, and to determine the current status of any non-expended funds.

Monitoring and Review of Sub-Recipients – Phase II

The purpose of this Phase was to select a representative sample of expenditures from each sub-recipient to ensure they met the three (3) key criteria established by the US Treasury, in addition to the procedures outlined below. As previously noted, the scope of this audit was limited to the CRF fund balance of each sub-recipient as of the date of testing from Phase I. Sub-recipients containing greater than 5% of their CRF balance as of Phase I required full monitoring procedures. Those with 5% or less required limited monitoring procedures.

As part of our internal audit, we performed the following for each of the six (6) sub-recipients requiring full monitoring procedures:

- Gained an understanding and documented CARES Act funding programmatic, eligibility, and allowability decisions made by the six (6) sub-recipients;
- Reviewed the agreements / MOUs between the County and the sub-recipients;
- Conducted walkthroughs with each sub-recipient to understand how the remaining CARES Act funds were managed from receipt to disbursement, and determined the status of non-expended funds and the plan to expend by the deadline, where applicable;
- Selected a representative sample of expenditures from each sub-recipient for review of whether the expenditures qualify and meet CRF funding requirements outlined above;
- Evaluated the procurement method for selected samples of expenditures in excess of \$10,000, as applicable;
- Evaluated the application and allocation process of funds to sub-sub-recipients (grantees), as applicable;
- Followed up on observations from Phase I to determine whether corrective measures had been taken, as applicable;
- Gained an understanding of the reporting of expenditures process of the sub-recipients, as well as sub-sub-recipients, to Prince William County; and
- Identified potential opportunities for overall process improvement.



OBJECTIVES AND APPROACH – CONTINUED

As part of our internal audit, we performed the following limited monitoring procedures for one (1) sub-recipient (PWCS):

- Gained an understanding and documented CARES Act funding programmatic, eligibility, and allowability decisions made by the sub-recipient;
- Conducted walkthroughs with the sub-recipient to understand how the remaining CARES act funds were managed from receipt to disbursement, and determined the status of non-expended funds and the plan to expend by the deadline, where applicable;
- Selected limited sample of expenditures from the sub-recipient for review of whether the expenditures qualify and meet CRF funding requirements outlined above;
- Followed up on observations from Phase I to determine whether corrective measures had been taken, as applicable; and
- Gained an understanding of the reporting of expenditures process of the sub-recipient, as well as sub-sub-recipients, to Prince William County.

Monitoring and Review of Sub-Recipients – Phase III

The purpose of this phase was to select a representative sample of expenditures from each sub-recipient to ensure they met the three (3) key criteria established by the US Treasury, in addition to the procedures outlined below. The scope of this audit was limited to the CRF fund balance of each sub-recipient as of the date of testing from Phase II. Sub-recipients with funds remaining as of Phase II were as follows:

- Prince William County Schools
- Town of Haymarket
- Town of Occoquan
- Town of Quantico

As part of our internal audit, we performed the following for each of the four (4) in scope sub-recipients:

- Selected a representative sample of expenditures from each sub-recipient for review of whether the expenditures qualify and meet CRF funding requirements outlined above;
- Evaluated the application and allocation process of funds to sub-sub-recipients (grantees), as applicable;
- Followed up on observations from Phase II to determine whether corrective measures had been taken, as applicable;
- Identified potential opportunities for overall process improvement.

Reporting

At the conclusion of this internal audit, we summarized our procedures and findings into this report. We conducted an exit meeting with the sub-recipient, as well as appropriate Management personnel at the County.



DETAILED RESULTS

Below is a summary of the funding status for each of the in scope sub-recipients as of December 31, 2021. Following this summary is a report for each sub-recipient's testing results. Amounts in the table have been rounded to the nearest dollar.

	AlphaBEST	PWCS	PWCSA	Town of Dumfries	Town of Haymarket	Town of Occoquan	Town of Quantico
CRF Funding Received	\$2,414,550	\$28,240,000	\$1,497,168	\$902,768	\$295,452	\$188,760	\$90,276
CRF Funding Expended ⁶	\$2,414,550	\$28,240,000	\$1,497,168	\$902,768	\$295,452	\$188,982	\$90,726
Exceptions Noted During Testing ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRF Funds Remaining - As of December 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases Procured in Compliance with Federal Regulations? ⁸	N/A	✓	N/A	Note 1	Note 1	Note 1	Note 1
Interest Income Earned on CRF Funds? ⁹	Note 3	N/A - Recorded Under the County's General Fund	Note 3	X	Note 2	✓ \$222	Note 2
Plan to Have a Single Audit in FY 2021? ¹⁰	✓	N/A - Included under the County's Single Audit	✓	✓	N/A - Single Audit Criteria Not Met	N/A - Single Audit Criteria Not Met	N/A - Single Audit Criteria Not Met

Note 1 – Per 2 CFR 200.320(b), purchases in excess of the micro-purchase threshold (\$10,000), but do not exceed the simplified acquisition threshold (\$250,000) require price or rate quotations from an adequate number of qualified sources as determined appropriate by the non-Federal entity. Purchases in excess of the simplified acquisition threshold require formal procurement methods which includes public advertising, unless a non-competitive procurement can be used. Per 2 CFR 200.320(f)(2), there are specific circumstances in which noncompetitive procurement may be used, including “a public exigency or emergency for the requirement will not permit a delay resulting from publicizing competitive solicitation”. The State of Virginia declared a public emergency due to COVID-19 on March 12, 2020, and was in effect through June 30, 2021. Therefore, it is reasonable to assume purchases made were exigent and / or emergent in nature during this time period.

Note 2 – During the walk-through, the sub-recipient noted CRF funds were deposited into non-interest-bearing accounts.

Note 3 – During the walk-through, it was determined the sub-recipient received CRF funds on a reimbursement basis after expenditures were incurred. Therefore, it is safe to presume that no interest income would have been earned on funds received.

⁶ Includes interest income earned on CRF funds, where applicable.

⁷ This figure represents questioned costs noted during testing that were not replaced with additional eligible CRF expenditures as of the date of this report. Please refer to each individual sub-recipient's page for a detailed breakdown of observations noted.

⁸ Limited to purchases made in excess of \$10,000.00, on a sample basis. Refer to 'Note 1' for more information on the Code of Federal Regulation requirements.

⁹ Per the U.S. Department of the Treasury's Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10), funds may be deposited into interest bearing accounts provided that “if recipients separately invest amounts received from the Fund they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenditures.”

¹⁰ A non-federal entity is required to have a single audit if it expends \$750,000 or more in federal program awards in its fiscal year as either a direct recipient or as a sub-recipient.



DETAILED RESULTS - ALPHABEST EDUCATION, INC. (“ALPHABEST”)

Background: AlphaBEST Education, Inc. was founded in 2005 and provides before and after school care programming to students across multiple states and localities, including Prince William County. The mission of AlphaBEST is to partner with schools and families to engage children’s minds, expand their horizons, and provide parents with a sense of security.

AlphaBEST and PWCS had a pre-existing contract prior to the COVID-19 pandemic. The County, PWCS, and the IDA, entered into a Childcare Scholarship Grant Agreement with AlphaBEST, using CARES Act funding in October 2020. The Agreement was for AlphaBEST to provide childcare services for qualifying Prince William County students who had been negatively impacted by COVID-19. The funds were presented as a scholarship to the families to cover the costs of the childcare program.

Funding Received: \$2,414,550

Phase I Received: \$1,944,150

Phase II Received: \$470,400

Funding Expended: \$2,414,550

Phase I Expended: \$1,944,150 as of May 5, 2021

Phase II Expended: \$470,400 as of June 7, 2021

Funds Remaining as of June 7, 2021: \$0

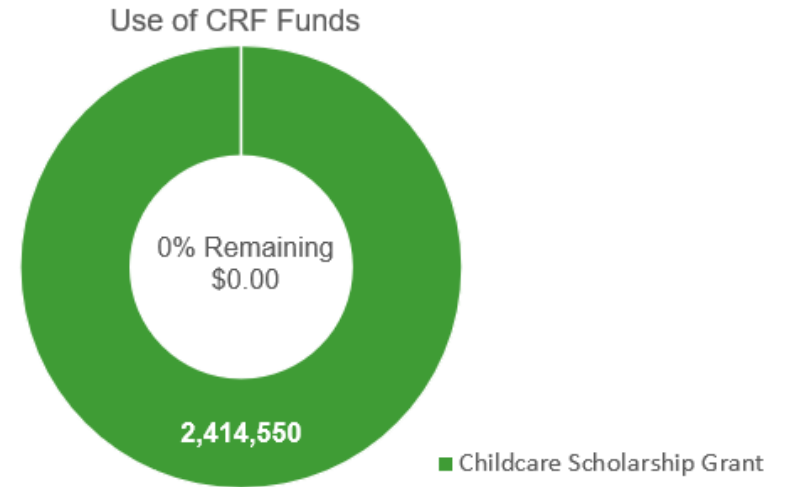
CRF Certification Specified Use of Funds: General COVID-19 response, “Other Financial Assistance”

Walk-through Date: May 5, 2021 (Phase I), November 2, 2021 (Phase II)

Overview of How Funds Were Used: Phase I: the County, PWCS, and the IDA entered into an agreement with AlphaBEST to provide a childcare scholarship grant for up to 1,000 Prince William County students whose families were negatively impacted by COVID-19 (loss of job, reduction in hours worked, new childcare expenses due to remote learning, etc.). The funds were presented as scholarships to families to help offset the cost of daycare. PWCS had a pre-existing contract with AlphaBEST for childcare services prior to the COVID-19 pandemic, so both students previously enrolled, as well as newly enrolled children were able to partake in the program. To be eligible, families had to apply and certify: the child(ren) were currently enrolled in a public or private school in Prince William County and/or they currently reside in Prince William County; how they were negatively impacted by COVID-19; among others. The costs specifically covered the following:

- 1) \$150 per student per week
- 2) \$300 per student per week for special needs students
- 3) \$43 one-time per student registration fee

Phase II: Funds expended since May 5, 2021 were a continuation of the childcare scholarship grant. Per the walkthrough held on November 2, 2021, there were no changes the program operations or procedures.





DETAILED RESULTS - ALPHABEST EDUCATION, INC. ("ALPHABEST") – CONTINUED

Grant Application & Allocation Process: Refer to "Overview of How Funds Were Used"

Scope of Testing: Phase I: In addition to the walk-through held on May 5, 2021, five (5) of seven (7) monthly invoices were selected for testing, representing 69% of the \$1.944M spent. Additionally, twenty-five (25) samples of students who participated in the AlphaBEST program were selected in order to evaluate whether the program scholarship was provided to registrants who had been negatively impacted by COVID-19.

Phase II: In addition to the walk-through held on November 2, 2021, one (1) monthly invoice was selected for testing, representing 100% of the additional \$470,400 expended. Additionally, twenty (20) samples of students who participated in the AlphaBEST program were selected in order to evaluate whether the program scholarship was provided to registrants who had been negatively impacted by COVID-19.

Observations:

There were no observations noted as part of Phase I or Phase II monitoring.



DETAILED RESULTS - PRINCE WILLIAM COUNTY PUBLIC SCHOOLS (“PWCS”)

Background: Prince William County Schools is the second largest school division in Virginia, serving over 89,000 students ranging from pre-school to high school¹¹. The mission of PWCS is to provide a world class education.

Funding Received: \$28,240,000, in advanced allotments.

Funding Expended: \$28,240,000

Phase I Expended: \$27,997,284 as of March 26, 2021

Phase II Expended: \$22,192 as of October 6, 2021

Phase III Expended: \$220,523 as of December 31, 2021

Funds Remaining as of December 31, 2021: \$0.00

CRF Certification Specified Use of Funds:

- \$5,000,000 – July 2020: Purchase of computer devices to support distant learning
- \$20,000,000 – September 2020: General COVID-19 response, “Other Financial Assistance”
- \$3,240,000 – December 2020: Audiovisual equipment to support distant learning

Walk-through Date: March 30, 2021 (Phase I), October 12, 2021 (Phase II)

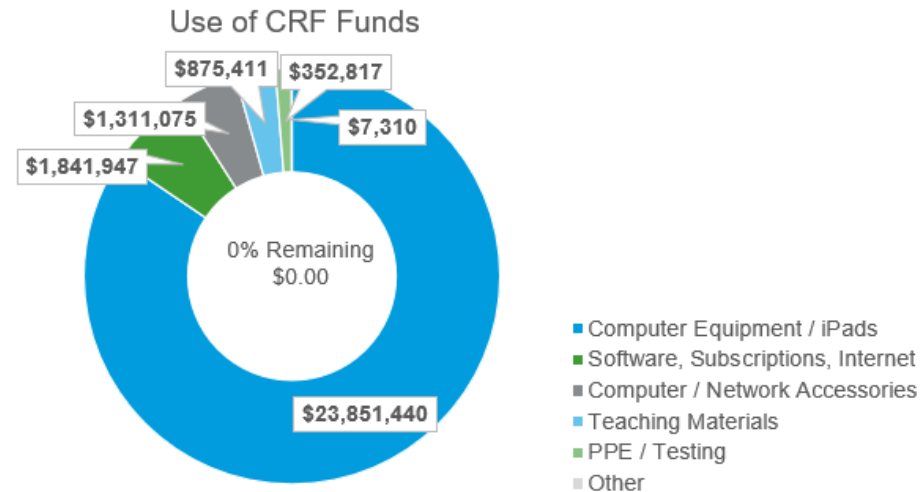
Overview of How Funds Were Used: Phase I: A large majority of the CRF funds received were spent on computer equipment, iPads, computer accessories, and subscriptions to support distance learning among PWCS students, faculty and administration. Approximately 80,000 laptops and devices were purchased to support this effort. Additional expenditures included teaching materials and software to facilitate distance learning, and personal protective equipment (PPE), among others.

Phase II: Funds expended between March 27, 2021, and October 6, 2021, were spent on additional personal protective equipment (PPE), computers and computer peripherals.

Phase III: PWCS expended the remaining funds on computer equipment and IT assets.

Grant Application & Allocation Process: N/A

Scope of Testing: Phase I: In addition to the walk-through held on March 30, 2021, a total of \$4,486,274.24 in costs were examined, representing approximately 16% of the funding expended as of March 26, 2021. The sample selection covered costs from each category of expenditures represented in the pie chart above. In addition to testing for compliance with CARES Act guidelines for the \$4.5M in costs, we were able to reasonably determine that the \$5,000,000 awarded for computer devices to support distant learning had been expended accordingly. We determined that by testing over \$2,200,000 of laptop expenditures purchased to support distant learning and found no discrepancies between the amounts reported to the County and the purchase amount / description of items purchased.



¹¹ Enrollment total is as of September 30, 2020, per the PWCS website.



DETAILED RESULTS - PRINCE WILLIAM COUNTY PUBLIC SCHOOLS ("PWCS") – CONTINUED

Phase II: In addition to the walk-through held on October 12, 2021, a total of \$17,710 in costs were examined, representing approximately 80% of the Phase II funding expended between March 27, 2021, and October 6, 2021. The sample selection covered costs from the 'Computer Equipment / iPads', 'PPE', and 'Computer / Network Accessories' categories of expenditures represented in the pie chart above.

Phase III: A total of \$216,679 of expenditures were examined, representing approximately 98% of the Phase III funding expended between October 7, 2021, and December 31, 2021. The sample selection covered costs from the 'Computer Equipment / iPads' category of expenditure represented in the pie chart above.

Observations:

Phase I

Observation 1: Noted one invoice was recorded as \$2,996, when the supporting invoice was \$2,956, an immaterial difference of \$40. This difference increases the CRF funds remaining as of March 26, 2021, to \$242,716.

Phase II: There were no observations noted as part of Phase II monitoring. As part of Phase II monitoring procedures, we received written confirmation that PWCS intended to encumber the \$40 adjustment from Phase I Observation 1, and expend the funds prior to December 31, 2021.

Phase III: There were no observations noted as part of Phase III monitoring. The comprehensive CRF spending was appropriately adjusted for the \$40 observation noted under Phase I Observation 1. All remaining funds have been expended prior to December 31, 2021. No observations remain outstanding.



DETAILED RESULTS - PRINCE WILLIAM COUNTY SERVICE AUTHORITY (“PWCSA”)

Background: Prince William County Service Authority Inc. was founded in 1983 to supply drinking water and water reclamation services to residences and businesses in the Washington metropolitan area. The mission of PWCSA is to be dedicated to excellence in providing safe, reliable water services to their customers and returning clean water to the environment.

Funding Received: \$1,497,168

Phase I Received: \$1,372,697

Phase II Received: \$124,470

Funding Expended: \$1,497,168

Phase I Expended: \$1,372,697 as of May 7, 2021

Phase II Expended: \$124,470 as of June 29, 2021

Funds Remaining as of June 29, 2021: \$0

CRF Certification Specified Use of Funds: General COVID-19 response, “Other Financial Assistance”

Walk-through Date: May 7, 2021 (Phase I), October 14, 2021 (Phase II)

Overview of How Funds Were Used: Phase I: This program was sponsored by the Commonwealth of Virginia’s Department of Housing and Community Development to help Prince William County residents who were thirty (30) or more days past due on their utility bill, and negatively impacted by COVID-19. To ensure appropriate outreach, PWCSA contacted all customers with eligible past-due balances via telephone calls, emails, letters and applications left on customers’ doors. Additionally, PWCSA posted about the program on their website and social media platform(s).

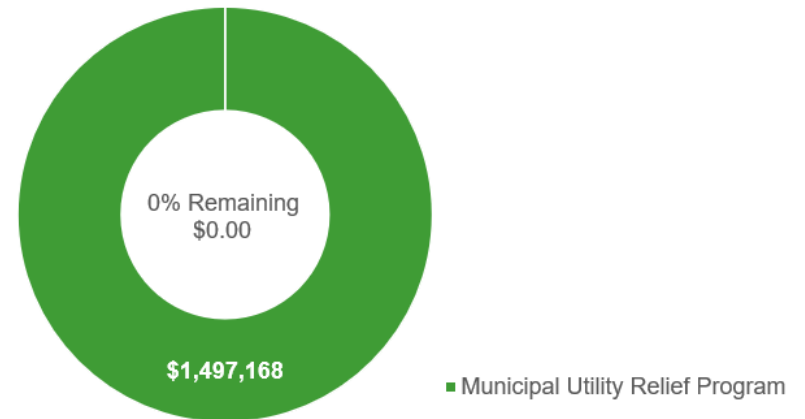
Customers could apply for funding through the PWCSA website, or over the phone. PWCSA reviewed applications and determined if the customer was eligible for funding, based on a self-certification that the customer had been negatively impacted by the COVID-19 pandemic, and that their customer account had been in arrears for at least 30 days. No funding was directly distributed to customers. Instead, the PWCSA applied credits to customer accounts to forgive parts of their outstanding utility balance. After funding had been applied to all eligible applicants’ accounts, excess funding remained which was allocated, pro-rata, across remaining customer balances.

Phase II: PWCSA received an additional \$124,470 in May 2021. Per the walk-through held on October 14, 2021, the additional funds were utilized on the same utility relief program as in Phase I. However, due to funding constraints, only customers with account balances that had been in arrears for at least 90 days were partially forgiven during Phase II. There were no additional changes to the program operations or procedures.

Grant Application & Allocation Process: Refer to ‘Overview of How Funds Were Used’.

Scope of Testing: Phase I: In addition to the walk-through held on May 7, 2021, a total of twenty-five (25) residential and commercial utility accounts were selected for testing to confirm grants were appropriately awarded. Procedures included confirmation that documentation existed to support how account holders were negatively impacted by COVID-19, invoices to support past due amounts, and that credits were applied to the past due amount, among other items reviewed.

Use of CRF Funds





DETAILED RESULTS - PRINCE WILLIAM COUNTY SERVICE AUTHORITY ("PWCSA") – CONTINUED

Phase II: In addition to the walk-through held on October 14, 2021, a total of twenty (20) residential and commercial utility accounts were selected for testing to confirm grants were appropriately awarded. Procedures included confirmation that documentation existed to support how account holders were negatively impacted by COVID-19, invoices to support past due amounts, and that credits were applied to the past due amount, among other items reviewed.

Observations:

There were no observations noted as part of Phase I or Phase II monitoring.



DETAILED RESULTS – TOWN OF DUMFRIES

Background: The Town of Dumfries is one of the four (4) towns located within the borders of Prince William County. The County allocated CRF funds to the Town of Dumfries based on the most recently available 2018 U.S. Census population data for the Town in relation to the population of Prince William County, as well as the remaining three (3) towns, in May and September of 2020. As of the 2018 U.S Census, the population of the Town of Dumfries was 5,234.

Funding Received: \$902,768, in advanced allotments

Funding Expended: \$902,768

Phase I: \$449,271 as of March 31, 2021

Phase II: \$453,497 as of December 31, 2021

Funds Remaining as of December 31, 2021: \$0

CRF Certification Specified Use of Funds: General COVID-19 response, “Other Financial Assistance”

Walk-through Date: March 31, 2021 (Phase I), January 28, 2022 (Phase II)

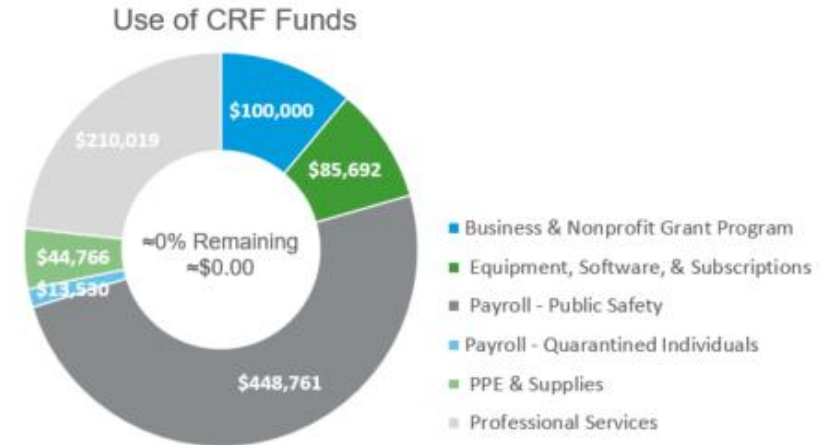
Overview of How Funds Were Used: Phase I: Funds expended as of March 31, 2021, were used on several items, including: a local business and non-profit grant program, PPE, increased expenditures for continued operations, expenditures to support teleworking, payroll expenditures for public safety employees responding to COVID-19 and those who tested positive for COVID-19 and required quarantine, as well as implementation of temperature/health screening areas for personnel returning to work.

Phase II: Funds expended since March 31, 2021, were primarily used to cover Public Safety (Police) payroll costs. Remaining funds expended were related to increased expenditures for continued operations, as well as expenditures to support teleworking.

Grant Application & Allocation Process: The Town of Dumfries allocated a portion of funds to create a business grant program. The Town posted an application to apply for the 'Dumfries CARES Act Grant Program' on the Town's website. Additionally, the Mayor visited businesses to spread the word about the program. To be eligible, for-profit organizations and 501(c)(3) non-profits had to have been in operation within Town limits for at least two (2) years, be current on taxes, have a valid Town of Dumfries business license, and had experienced a revenue loss of 25% or greater, attributable to COVID-19, among other qualifications. Banks and financial institutions, franchise businesses (except those that were registered in the State of Virginia and locally owned/ operated in Dumfries), vape and tobacco retailers, and adult entertainment businesses were not eligible for the program.

Applications were mandatory, which required the applying organizations to specify the impact of COVID-19 on the organization. Additionally, the terms of the application required acknowledgement and agreement that all Grant proceeds would be limited to the following uses:

- 1) Ongoing expenses of the Applicant, such as payroll, rent insurance, or other operating expenses;
- 2) Adaptive costs, such as the purchase of e-commerce equipment / website creation and/or upgrade of an online sales site





DETAILED RESULTS – TOWN OF DUMFRIES – CONTINUED

- 3) If the Applicant uses the Grant proceeds for another purpose, then within 60 days' notice by the Town of Dumfries, the Applicant shall return the full amount of the Grant funds to the IDA of PWC.

Through inquiry with the Town, a total of fifteen (15) organizations applied for funding and ten (10) were awarded. The five (5) organizations that did not receive funding did not meet the qualifications specified in the application. A total of \$150,000 was budgeted, however only \$100,000 was utilized.

Scope of Testing: Phase I: In addition to the walk-through held on March 31, 2021, a total of nine (9) expenditures were tested, representing 73% of the purchases made.

Additionally, a review of the Dumfries CARES Grant Program included gaining an understanding of the grant application and allocation process as a whole; selecting a sample to confirm payment support between the Town of Dumfries and the IDA, who ultimately distributed the funds to each recipient; as well as determining whether an agreement existed between the Town and each sub-sub-recipient, which specified the eligible uses of the CRF funds. By applying for the grant, applicants had to certify the funds would be used for the three (3) purposes outlined above.

Phase II: In addition to the walk-through held on January 28, 2022, a total of ten (10) expenditures were tested, representing 98% of the CRF expenditures since March 31, 2021.

Observations:

Phase I:

Observation 1: Identified eight (8) purchases made between March 1, 2020, and March 31, 2021, for senior luncheons. After review of the Town's budget, as well as discussion with the Town Director of Finance, the senior luncheons were items included in the budget most recently approved as of March 27, 2020. Although the luncheons are not eligible, the incremental cost of hosting virtual senior luncheons to comply with local regulations is allowable. We were unable to obtain the incremental cost over the amounts previously budgeted. Therefore, the entire amount of the luncheons (\$3,904.92) through March 31, 2021, has been marked as an observation.

Observation 2: During the walk-through held on March 31, 2021, the Town of Dumfries stated CRF funds were co-mingled with the general fund account, and therefore would be hard to allocate interest earned on CRF funds. Per the U.S. Department of the Treasury's Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10), funds may be deposited into interest bearing accounts provided that "*if recipients separately invest amounts received from the Fund they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenditures.*" Therefore, we are unable to determine any potential interest earned was utilized on eligible expenditures as required per section 601(d) of the Social Security Act and the U.S. Treasury Federal Register.

Phase II:

Observation 1: Identified four (4) additional purchases made between April 1, 2021, and December 31, 2021, for senior luncheons (\$1,326). As previously noted under Phase I Observation 1, senior luncheons were items included in the budget most recently approved as of March 27, 2020. Cumulatively, the amount expended on senior luncheons between March 1, 2020, and December 31, 2021, was \$5,230.

Observation 2: Identified expenditures for two (2) IT contracts that were executed prior to March 1, 2020. Both contracts had been renewed year after year, and contained a standard annual percentage price increase. Additionally, the FY21 budget had a line item for 'IT/Maintenance Contracts'. As the base monthly fee of the respective contracts were charged to the CRF funds, we were unable to confirm the costs were incremental to those included in the budget most recently approved as of March 27, 2020. The cumulative amount of these expenditures was \$17,979.



DETAILED RESULTS – TOWN OF DUMFRIES – CONTINUED

Observation 3: Noted one (1) expenditure for \$10,000 for the deposit on a fire rescue squad. The Town stated the purchase was to provide drive-thru testing and vaccinations. The U.S. Department of the Treasury’s Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10) states, “... *The use of payments to acquire or improve property is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of real estate, this means that the acquisition itself must be necessary. In particular, a government must (i) Determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or by improving property already owned; and (ii) maintain documentation to support this determination.*” The Town was unable to provide the documentation required to support the analysis required by the U.S. Treasury guidance.

Recommendation 1: A total of \$448,761 of CRF funds were expended on Public Safety (Police) payroll. Though not required by US Treasury, we noted during our review that Town Council approval was not obtained prior to transferring the funds for Public Safety payroll costs. Council approval on future spending would provide additional transparency on the use of grant funds.

As a result of the observations from Phase I and Phase II, the Town of Dumfries reclassified the \$33,210 of observations, in addition to \$3,365 of supplemental IT/Maintenance costs, to Public Safety (Police) payroll expenditures incurred in response to COVID-19. No issues remain outstanding.



DETAILED RESULTS - THE TOWN OF HAYMARKET

Background: The Town of Haymarket is one of the four (4) towns located within the borders of Prince William County. The County allocated CRF funds to the Town of Haymarket based on the most recently available 2018 U.S. Census population data for the Town in relation to the population of Prince William County, as well as the remaining three (3) towns, in May and September of 2020. As of the 2018 U.S Census, the population of the Town of Haymarket was 1,715.

Funding Received: \$295,452, in advanced allotments.

Funding Expended: \$295,452

Phase I Expended: \$226,638, as of March 29, 2021

Phase II Expended: \$10,277 as of October 13, 2021

Phase III Expended: \$58,536 as of December 31, 2021

Funds Remaining as of December 31, 2021: \$0

CRF Certification Specified Use of Funds: General COVID-19 response, "Other Financial Assistance"

Walk-through Date: March 31, 2021 (Phase I), October 13, 2021 (Phase II)

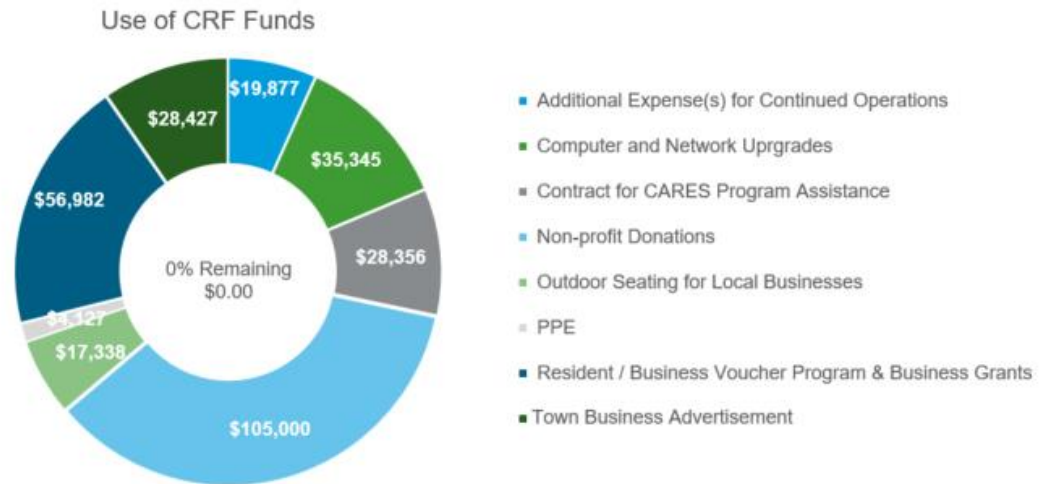
Overview of How Funds Were Used: Phase I: Funds expended as of March 29, 2021, were used on several items, including: a resident / business voucher grant program, business grants, nonprofit donations, advertisement for Town businesses, increase in expenses for continued operations, additional outdoor seating for smaller restaurants in Town, as well as a contract for grant program assistance. Approximately \$69,000 had not yet been expended as of March 29, 2021.

Phase II: The additional \$10,277 expended as of October 13, 2021 was primarily used to purchase personal protective equipment (PPE), as well as payroll costs for one (1) employee who could not work and was required to quarantine due to a positive COVID-19 diagnosis, and payroll costs for one (1) employee who received hazard pay in response to COVID-19.

Phase III: Remaining funds were spent on several items, including: a small business grant program, advertisement for Town businesses, equipment and technology upgrades to allow for increased teleworking capabilities, as well as professional services to assist with CARES Act program compliance.

Grant Application & Allocation Process: The Town of Haymarket sub-granted funds in several ways, as follows:

- Allocated a portion of funds to create a business grant program to aid local businesses. Businesses were required to submit applications specifying how they had been negatively impacted by COVID-19, and how the grant award funds would address issues involving the costs of doing business during the pandemic. Additionally, funds were authorized to be used for adaptive actions taken to upgrade their ability to survive the pandemic. Applicants were required to supply financial information to support their claims of hardship. Although the Town budgeted for fifty (50) business to receive \$2,000 grants, less than fifteen (15) applied that were eligible.





DETAILED RESULTS - THE TOWN OF HAYMARKET – CONTINUED

- In addition to the business grants, the Town created a voucher program for town residents and local businesses. Each household within the Town of Haymarket received four (4), \$25 vouchers by mail to be used at local businesses. To be eligible, businesses within the Town of Haymarket were required to sign up to participate in the voucher program and had to meet the same requirements as the grantees under the business grant program. Vouchers could only be used to purchase goods and services provided by businesses who had been adversely impacted by the pandemic. Only those businesses who signed up and were certified according to the criteria, were reimbursed for the CARES Act vouchers that businesses accepted from local residents. The Town collected all the vouchers from the participating businesses and tallied the vouchers to identify the amount to be reimbursed. The voucher program had an approximately 58% participation rate.
- In November 2021, the Town established a small business grant program. Businesses were required to submit an application specifying the impact of COVID-19 on their business. Eligible businesses were awarded grants of \$500 each. In total, nineteen (19) small businesses were awarded grants. Of the \$9,500 in grants awarded, \$5,246 was funded with CRF funds.
- Additionally, four (4) non-profit entities received a total of \$105,000. The Town of Haymarket reached out to various non-profits with programs targeted towards COVID-19 relief and allocated the funds accordingly.

Scope of Testing: Phase I: In addition to the walk-through held on March 31, 2021, a total of nine (9) expenditures were tested, representing 65% of the costs spent on advertisement for town businesses, expense for continued operations, additional outdoor seating, and contract for program Assistance.

Additionally, a review of non-profit donations included gaining an understanding of the grant application and allocation process as a whole; selecting a sample to confirm payment support between the Town of Haymarket and the non-profit; as well as determining whether an agreement existed between the Town and each sub-recipient, which specified the eligible uses of the CRF funds. By applying for the business grant, applicants had to certify the funds would not be used for specific ineligible expenditures such as revenue replacement, raises and bonuses, as well as routine marketing or taxes.

Finally, for the voucher program, the Town provided copies of the business applications, the tally of vouchers redeemed at each business, and payment support showing funds were disbursed.

Phase II: In addition to the walk-through held on October 13, 2021, a total of four (4) expenditures were tested, representing 73% of the Phase II funding expended as of October 13, 2021.

Phase III: A total of five (5) expenditures were tested, representing 73% of the CRF funding expended between October 14, 2021 and December 31, 2021.

Observations:

Phase I: There were no observations noted as part of Phase I monitoring.

Phase II:

Observation 1: Noted one (1) employee received a \$3,000 bonus payment for their increased hours due to a shortage of staff due to COVID-19. Although this is not an eligible expenditure under the U.S. Department of the Treasury's Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10), the hours worked responding to COVID-19 would be eligible. The Town has confirmed they have actual payroll hours worked in response to COVID-19 to replace the \$3,000 bonus payout. As of the date of Phase II testing, the Town was in the process of reclassifying the expenditures.

Phase III: There were no observations noted as part of Phase III monitoring. As part of Phase III testing procedures, we verified that comprehensive CRF funds were updated based on Phase II Observation 1. No issues remain outstanding.



DETAILED RESULTS - THE TOWN OF OCCOQUAN

Background: The Town of Occoquan is one of the four (4) towns located within the borders of Prince William County. The County allocated CRF funds to the Town of Occoquan based on the most recently available 2018 U.S. Census population data for the Town in relation to the population of Prince William County, as well as the remaining three (3) towns, in May and September of 2020. As of the 2018 U.S Census, the population of the Town of Occoquan was 1,089.

Funding Received: \$188,760, in advanced allotments

Funding Expended: \$188,982¹²

Phase I: \$140,083¹³ as of March 29, 2021

Phase II: \$44,574¹⁴ as of October 12, 2021

Phase III: \$4,325 as of December 31, 2021

Funds Remaining as of December 31, 2021: \$0

CRF Certification Specified Use of Funds: General COVID-19 response, "Other Financial Assistance"

Walk-through Date: April 6, 2021 (Phase I), October 14, 2021 (Phase II)

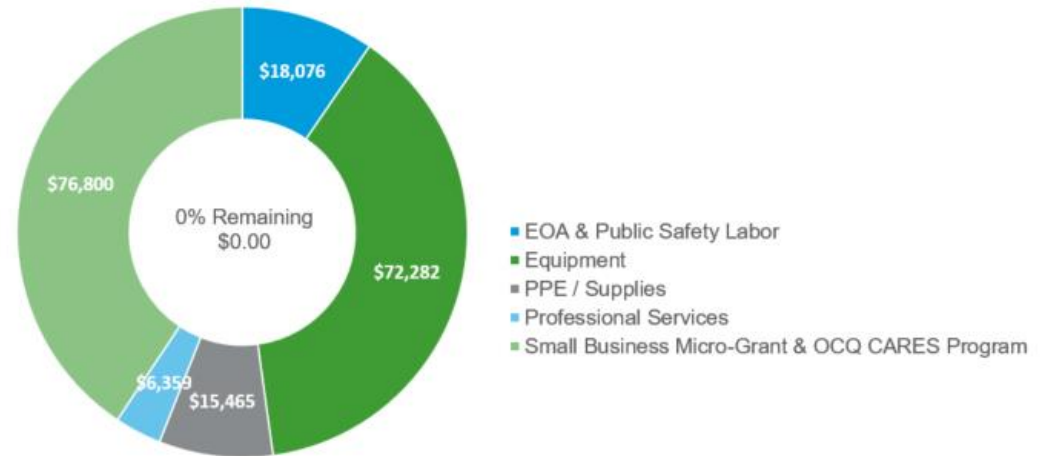
Overview of How Funds Were Used: Phase I: CRF expenditures as of March 29, 2021, were primarily as follows: Public Safety labor costs; COVID supplies / PPE for the Town; upgrading Town equipment in order for the Town to hold remote meetings; as well as a Micro Grant program for local business support. Labor was incurred for Emergency Operations Administration ("EOA") as well as public safety COVID-19 patrols. As of March 29, 2021, after adjusting for the three (3) observations noted below, \$48,677 had not been expended.

Phase II: The additional \$44,574 of CRF expenditures as of October 12, 2021 were primarily utilized as follows: OCQ CARES Program (refer to "Grant Application and Allocation Process" below), software upgrade for remote meetings, Public Safety labor costs, COVID supplies and PPE.

Phase III: Remaining funds were primarily expended on PPE, as well as software and hardware upgrades for remote meeting capabilities.

Grant Application & Allocation Process: The Town of Occoquan created the Town of Occoquan Small Business Micro-Grant Program to aid small businesses within the Town to offset some of the economic impacts arising from COVID-19. Businesses were required to submit applications which specified how they had been negatively impacted by COVID-19, as well as a narrative describing each business's priorities, purpose for seeking funds, and a summary of how the business would benefit from the micro-grant. A board of three (3) panelists determined application eligibility. Funds were then allocated equally among all eligible businesses. Payments were run through the Occoquan Merchants' Guild. A total of thirty-seven (37) businesses received approximately \$810 of funding each.

Use of CRF Funds



¹² Funds expended includes \$221.91 of interest earned on CRF funds.

¹³ Funds expended as of March 29, 2021 exclude the \$8,777.44 of adjustments noted under 'Observations' for Phase I.

¹⁴ As a result of Phase I monitoring observations, the Town reviewed all purchases previously allocated to CRF funds to verify the correct amounts were reported. This resulted in an additional \$1,562.16 of costs allocated to their CRF funds, included under the Phase II amount.



DETAILED RESULTS - THE TOWN OF OCCOQUAN – CONTINUED

Additionally, The Town of Occoquan created the OCQ CARES Program which was approved in October 2020 and appropriated \$30,000 to fund the program. The program provided four (4) vouchers valued at \$25 each to Occoquan households to be used by December 13, 2020, at qualified participating Occoquan businesses.

To participate, businesses completed a short application. The OCQ CARES Eligibility Panel appointed by the Town Council reviewed the applicants and made eligibility determinations. During Phase I, a total of twenty-nine (29) businesses submitted vouchers for reimbursement through the program. The town ultimately had a 72.4% participation rate (1,017 vouchers equating \$25,425).

During Phase II, the town of Occoquan appropriated \$34,700 to fund an additional round of the OCQ CARES Program. Similar to the first round, businesses completed a short application which was ultimately reviewed by the OCQ CARES Eligibility Panel. A total of twenty-five (25) businesses submitted vouchers for reimbursement through the program. The Town ultimately had a 61.6% participation rate (855 vouchers equating \$21,375).

Scope of Testing: Phase I: In addition to the walk-through held on April 6, 2021, seventeen (17) out of 135 purchases were examined, representing approximately 65% of the \$77,878 spent on supplies and services. For labor, ten (10) of the twenty-seven (27) payroll entries were examined, representing approximately 55% of the \$15,557 of labor costs incurred. Amounts and percentages are prior to adjusting for the three (3) observations noted below. For both rounds of grants, we gained an understanding of the grant application and allocation process, received copies of applications, as well as the contract and payment support to the Occoquan Merchants' Guild who disbursed funding to the respective recipients.

Phase II: In addition to the walk-through held on October 14, 2021, six (6) out of thirty-nine (39) purchases were examined, representing approximately 89% of the \$19,257 spent on supplies and services during Phase II. For labor, one (1) of the seven (7) payroll entries were examined, representing approximately 26% of the \$2,379 labor costs incurred during Phase II. For the second round of the OCQ CARES Program, we gained an understanding of the grant application and allocation process and obtained contract and payment support to the Occoquan Merchants' Guild who disbursed funding to the respective recipients.

Phase III: A total of \$2,567 of expenditures were examined, representing approximately 59% of the funding expended between October 13, 2021 and December 31, 2021.

Observations:

Phase I:

Observation 1: Noted two (2) purchases totaling \$280 were ordered prior to March 1, 2020. The Town was not able to confirm the dates each item arrived. Therefore, we are unable to confirm the expenditure was incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

Observation 2: The payment support for two (2) purchases totaling \$5,026 could not be provided. Therefore, we are unable to confirm the expenditure was incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

Observation 3: Identified one (1) payroll expenditure related to accrued vacation leave payout as a result of working additional hours due to COVID-19 and being unable to take vacation as planned (\$3,471). Although this is not an eligible expenditure under the U.S. Department of the Treasury's Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10), the hours worked responding to COVID-19 would be eligible. The Town has confirmed they have actual payroll hours worked in response to COVID-19 to replace the accrued vacation leave payout. As of Phase I monitoring, the Town was in the process of reclassifying the expenditures.

After adjusting the CRF fund balance for the observations noted above, a total of \$48,677 of CRF funds remain as of March 29, 2021, to be used on eligible expenditures.



DETAILED RESULTS - THE TOWN OF OCCOQUAN – CONTINUED

Phase II: There were no observations noted as part of Phase II monitoring. As a result of the observations from Phase I, the Town of Occoquan reviewed all purchases and made updates as necessary to the amounts allocated to CRF funds. As part of Phase II testing procedures, we verified that comprehensive CRF funds were updated based on Observations 1, 2 and 3 from the Phase I report. No issues remain outstanding.

Phase III: There were no observations noted as part of Phase III monitoring.



DETAILED RESULTS - THE TOWN OF QUANTICO

Background: The Town of Quantico is one of the four (4) towns located within the borders of Prince William County. The County allocated CRF funds to the Town of Quantico based on the most recently available 2018 U.S. Census population data for the Town in relation to the population of Prince William County, as well as the remaining three (3) towns, in May and September of 2020. As of the 2018 U.S Census, the population of the Town of Quantico was 524.

Funding Received: \$90,276, in advanced allotments

Funding Expended: \$90,276

Phase I: \$3,546 as of April 19, 2021

Phase II: \$50,392 as of October 13, 2021

Phase III: \$36,338 as of December 31, 2021

Funds Remaining as of December 31, 2021: \$0

CRF Certification Specified Use of Funds: General COVID-19 response, "Other Financial Assistance"

Walk-through Date: April 6, 2021 (Phase I), October 14, 2021 (Phase II)

Overview of How Funds Were Used: Phase I: Funds expended as of April 19, 2021 were related to technology and website improvements to allow for remote work and easier resident access to pay bills online, labor costs, professional service fees, and equipment to display public safety notices.

Phase II: Funds expended as of October 13, 2021 were used for equipment to display public safety notices, remote access hardware, and accounting/financial software upgrades to improve reporting, reduce staff time in-office, and allow for remote access to financial data.

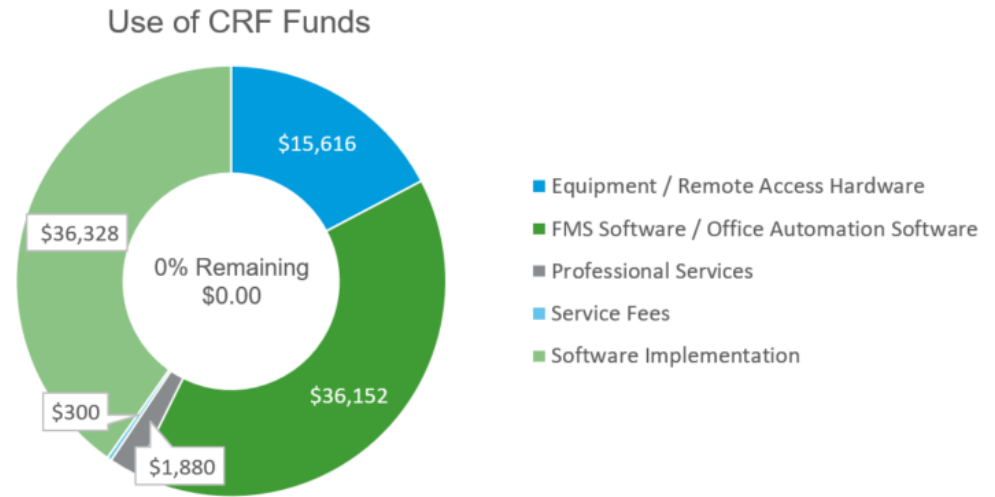
Phase III: The remaining funds were expended on the cost to set up and transition to the new accounting/financial system software.

Grant Application & Allocation Process: N/A – no sub-grant program was used.

Scope of Testing: Phase I: In addition to the walk-through held on April 6, 2021, we examined five (5) of the eight (8) expenditures allocated to CRF funds, representing approximately 80% of the \$11,596 spent as of April 19, 2021, prior to adjusting for the observations noted below. This included four (4) purchases and the one (1) employee with labor costs allocated to CRF funds. After adjusting for the observations, Town of Quantico has \$86,730 of CRF funds remaining as of the date of testing.

Phase II: In addition to the walk-through held on October 14, 2021, we examined the two (2) expenditures allocated to CRF funds, representing 100% of Phase II funding expended as of October 13, 2021.

Phase III: Examined one (1) expenditure which represented 100% of the CRF expenditures from October 14, 2021 to December 31, 2021.





DETAILED RESULTS - THE TOWN OF QUANTICO – CONTINUED

Observations:

Phase I:

Observation 1: Noted one (1) expenditure for parking enforcement furlough pay (\$5,760.00). The U.S. Department of the Treasury’s Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10) states, “*With respect to personnel expenses, though the Fund was not intended to be used to cover government payroll expenses generally, the Fund was intended to provide assistance to address increased expenses, such as the expense of hiring new personnel as needed to assist with the government’s response to the public health emergency and to allow recipients facing budget pressures not to have to lay off or furlough employees who would be needed to assist with that purpose*”. As the furlough pay was not related to the responding to the public health emergency, this was deemed ineligible. As a result, the Town of Quantico has removed this expenditure from their CRF funds.

Observation 2: One (1) expenditure for website improvements (\$2,300) was found to be included in the budget most recently approved as of March 27, 2020. The U.S. Department of the Treasury’s Federal Register on Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments (Vol. 86, No. 10) states, “*The CARES Act provides that payments from the Fund may only be used to cover costs that.... 2. Were not accounted for in the budget most recently approved as of March 27, 2020...*”. As a result, the Town of Quantico has removed this expenditure from their CRF funds.

After adjusting the CRF fund balance for the observations noted above, the Town of Quantico has \$86,730 of CRF funds remaining as of the date of Phase I testing.

Phase II: There were no observations noted as part of Phase II monitoring. As part of Phase II monitoring procedures, we confirmed that both the \$5,760 and the \$2,300 observations from Phase I have been removed from the Town’s CRF expenditures.

Phase III: There were no observations noted as part of Phase III monitoring.



COUNTY LEVEL RECOMMENDATIONS

During our testing, we noted the following process improvement opportunities that the County should consider when monitoring sub-recipients for the use of federal grant funds. Both of these process improvement opportunities were identified as part of Phase I monitoring. No additional opportunities were identified as a result of Phase II or Phase III monitoring.

Improvement Opportunity 1: Perform Quarterly Monitoring

Prior to the walkthroughs conducted with the sub-recipients, RSM held a kickoff meeting with County leadership to gain an understanding of how CARES Act funds were utilized at the County level, as well as determine whether any monitoring or communication had been previously performed with the sub-recipients. We noted that while the County stayed in communication with some of the sub-recipients, there had not previously been frequent and regular communication across the board with the sub-recipients awarded CRF funds on behalf of the County. There was no formal reporting on the eligible uses of the funds, nor the amounts spent by the entities.

Recommendation:

We recommend the County perform formalized sub-recipient monitoring procedures on a quarterly basis. At a minimum, the County should obtain a summary report on expenditures to date documenting how the funds have been utilized and the amounts expended. This would potentially aid in identifying ineligible uses of the CRF funds, as well as provide adequate time to either recapture the funds, and / or co-develop ideas on ways to apply them to additional eligible expenditures.

Improvement Opportunity 2: Amend Certifications in a Timely Manner

Each entity that received CRF funds on behalf of the County signed a Certification for Receipt of Coronavirus Relief Funds upon Fund allocation. Initially, the CARES Act passed by U.S. Congress on March 27, 2020, required the Fund only be used to cover expenses that were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020, as reflected on the Certification for Receipt of Coronavirus Relief Funds.

On December 27, 2020, the Consolidated Appropriations Act (2021) was signed into law. This Act provided state and local governments with an extension of time to spend CRF funds awarded under the CARES Act, extending the deadline to December 31, 2021. Noted during our review that the Certification for Receipt of Coronavirus Relief Funds were not amended to reflect the extended deadline until March of 2021.

Recommendation:

It is recommended sub-recipient agreements be amended as soon as possible when changes in the guidance or requirements are enacted.



APPENDIX A: TOOL FOR MONITORING THE SUB-RECIPIENT(S) OF CRF COVID-19 FUNDS

Applicability: This tool is applicable to monitoring U.S. Treasury Coronavirus Relief Funds (CRF) made to sub-recipients for Coronavirus Relief by Prince William County acting as grantee.

Sub-recipient Name:		
Type of Sub-recipient:		
Amount of Funding Received:	\$	
Amount of Funding Expended as of Phase I Testing:	\$	
Remaining CRF Funds:	\$	
Sub-recipient Primary Contact Information (Name, email, phone)		
Date of Phase I Review:		Review Performed By:
Date of Phase II Review:		

GENERAL MONITORING

1. Total amount of funds received from Prince William County?	
2. For all CRF funds obligated or expended, please provide: <ul style="list-style-type: none"> a. A brief summary of what was done with all of the funds received, by award. b. Date purchased / expended c. The name of the project or activity (to include all funds awarded to businesses, individuals, non-profits, contracts procured, purchases made, etc.) d. The amount of funds received that were expended or obligated for each project or activity e. A description of the project or activity and how the funds were used for eligible COVID-19 expenditures f. Detailed information on any loans issued; contracts or grants awarded; transfers made to other government entities g. Please provide documentation, in enough detail, to support that each expenditure was not included in the most recently approved budget as of March 27, 2020. 	
3. How does the sub-recipient report the use of funds expended to Prince William County?	
4. How often does the sub-recipient report spending amounts and use back to Prince William County?	
5. What is the amount of CRF funds received that have not been expended or obligated as of October 2021? If any funds remain, what is the plan to expend the funds prior to December 31, 2021?	
6. Were any CRF funds used towards payroll expenditures for services dedicated to mitigating or responding to the COVID-19 public health emergency? If so, how are these expenditures being tracked and reported?	
7. Has any interest been earned from CRF funds granted by the County? <ul style="list-style-type: none"> a. If so, how much interest has been earned? 	



b. What was done with the interest income?	
8. Have any funds been provided to individuals or businesses directly? If so, please describe the selection and allocation process.	
9. Has the Sub-recipient procured CRF funded goods and/or services greater than \$10,000? a. Did the Sub-recipient issue an RFP/RFQ for goods and/ or services greater than \$10,000? If a noncompetitive procurement was utilized due to the public exigency / emergency, please provide a memo justifying the use of the noncompetitive procurement. b. Please provide a copy of the executed contract(s) or agreement(s), as applicable. c. For purchases made in excess of \$10,000, how did the sub-recipient determine costs were reasonable? d. Is the sub-recipient taking affirmative steps to select certified small, women- and minority-owned businesses (MWBE) in grant-funded contracts?	
10. If costs are identified as unallowable, are there any other CARES Act eligible costs that were not reimbursed using County funds or any other grant funds?	
11. Has a single audit been conducted in the past? In FY 2020, how much was awarded in Federal Grants either directly or as a pass-through?	
12. In FY 2021, how much was awarded in Federal Grants either directly or as a pass-through? Do you plan on having a Single Audit for FY 2021?	

<i>SUB-GRANTEES / SUB-SUB-RECIPIENTS</i>	
1. Was a sub-sub-recipient organization provided CRF Funds to use for eligible COVID-19 expenses? If so, please provide a listing of all sub-sub-recipients along with total amounts and date(s) awarded:	
2. Is there a written contract or agreement of understanding with each sub-sub-recipient? If so, please provide a copy.	
3. How did the sub-recipient select which sub-sub-recipients receive funding? Did all applicants receive funding?	
4. How did the sub-recipient determine the amount to allocate to each sub-sub-recipient?	
5. How is the sub-recipient monitoring the amount expended or obligated by each sub-sub-recipient?	
6. How often does monitoring of each sub-sub-recipient occur?	
7. Does the sub-recipient have any concerns with the use or eligibility of funds expended by sub-sub-recipient(s)?	




APPENDIX B: CARES ACT ELIGIBLE EXPENSES

CARES ACT ELIGIBLE EXPENSES



RSM Notes:

1. Eligible expenditures include, but are not limited to, expenditure outlined above.



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