

FY2022



COMPLIANCE REPORTS

For the Year Ended June 30, 2022



PRINCE WILLIAM
Finance

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**PRINCE
WILLIAM
COUNTY**

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE OF CONTENTS

COMPLIANCE REPORTS

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*..... 1-2

Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance 3-4

Report of Independent Auditor on Compliance with Commonwealth of Virginia’s Laws,
Regulations, Contracts, and Grants 5

SCHEDULES

Schedule of Expenditures of Federal Awards 6-16

Notes to the Schedule of Expenditures of Federal Awards..... 17-18

Schedule of Findings and Questioned Costs 19-23

Corrective Action Plan 24-25

Summary Schedule of Prior Audit Findings..... 26-28

**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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-002 to be a significant deficiency.

Report on 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*.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
December 22, 2022

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

To the Board of Supervisors
Prince William County, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Prince William, Virginia's (the "County") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
March 20, 2023

**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, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated December 22, 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:

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

The results of our tests disclosed an instance 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 item 2022-003.

County’s Response to Finding

The County’s responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County’s response was 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
March 20, 2023

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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	7.999	not available	\$ 350	\$ -
Total Office of National Drug Control Policy			<u>350</u>	<u>-</u>
DEPARTMENT OF AGRICULTURE:				
* Direct Payments:				
Child and Adult Care Food Program (CACFP)	10.558 ²	not applicable	16	-
Urban Agriculture and Innovative Production (UAIP) Competitive Grants Program	10.935	not applicable	23	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Education:				
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	DOE86556	6	-
* Department of Health:				
Child and Adult Care Food Program (CACFP)	10.558 ²	not available	231	-
* Department of Social Services:				
* SNAP Cluster ¹				
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	45213-90303 45213-90304 46010-90212 46010-91103 46010-91104 46010-91403 46010-91404 46010-92103 46010-92104 46010-93103 46010-93104	6,398	-
* Child Nutrition Cluster ³				
* Department of Agriculture & Consumer Services:				
National School Lunch Program (NSLP) - Commodities	10.555 ⁴	not available	898	-
* Department of Education:				
School Breakfast Program (SBP)	10.553	179001-40591	13,498	-
National School Lunch Program (NSLP)	10.555 ⁴	179001-40623	52,385	-
Summer Food Service Program for Children (SFSPC)	10.559	APE601750000	29	-
* Department of Juvenile Justice:				
School Breakfast Program (SBP)	10.553	360001-40591 360003-40591	26	-
National School Lunch Program (NSLP)	10.555 ⁴	360001-40622 360001-40611 360003-40611	36	-
Total Department of Agriculture			<u>73,546</u>	<u>-</u>

¹ SNAP Cluster (ALN 10.561) Total \$5,964

² ALN 10.558 Total \$247

³ Child Nutrition Cluster (ALN 10.553/10.555/10.559) Total \$66,872

⁴ ALN 10.555 Total \$53,319

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022
(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
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:				
* Direct Payments:				
Chesapeake Bay Studies	11.457	not applicable	74	-
Total Department of National Oceanic And Atmospheric Administration			<u>74</u>	<u>-</u>
DEPARTMENT OF DEFENSE:				
* Direct Payments:				
Junior ROTC Program	12.000	not applicable	774	-
Student Achievement at Military-Connected Schools	12.556	not applicable	106	-
Community Investment	12.600	not applicable	250	-
Total Department of Defense			<u>1,130</u>	<u>-</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
* Direct Payments:				
* CDBG - Entitlement Grants Cluster ⁵				
Community Development Block Grants / Entitlement Grants	14.218	not applicable	1,505	-
Community Development Block Grants / Entitlement Grants – COVID-19	14.218	not applicable	331	-
Emergency Solutions Grant Program	14.231 ⁶	not applicable	324	-
Emergency Solutions Grant Program – COVID-19	14.231 ⁶	not applicable	457	-
HOME Investment Partnerships Program	14.239	not applicable	394	-
Continuum of Care Program	14.267	not applicable	762	-
* Housing Vouchers Cluster ⁷				
Section 8 Housing Choice Vouchers	14.871	not applicable	27,960	-
Section 8 Housing Choice Vouchers – COVID-19	14.871	not applicable	764	-
* Pass-Through Payments from Northern Virginia Planning District Commission:				
Housing Opportunities for Persons with AIDS	14.241	not available	237	-
* Pass-Through Payments from Commonwealth of Virginia:				
Department of Housing and Community Development:				
Emergency Solutions Grant Program	14.231 ⁶	458005-HCD45551	11	-
Emergency Solutions Grant Program – COVID-19	14.231 ⁶	458004-117617	1,390	951
* Pass-Through Payments from Virginia Housing Development Authority:				
Housing Counseling Assistance Program	14.169	182100-65100	34	-
Total Department of Housing and Urban Development			<u>34,169</u>	<u>951</u>

⁵CDBG - Entitlement Grants Cluster (ALN 14.218) Total \$1,836

⁶ALN 14.231 Total \$2,182

⁷Housing Voucher Cluster (ALN 14.871) Total \$28,724

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022
(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 THE INTERIOR:				
* Direct Payments:				
Payments in Lieu of Taxes (PILT) - Public Law # 97-258	15.226	not applicable	85	-
Total Department of the Interior			<u>85</u>	<u>-</u>
DEPARTMENT OF JUSTICE:				
* Direct Payments:				
Coronavirus Emergency Supplemental Funding – COVID-19	16.034	not applicable	344	-
Missing and Exploited Children (MEC) Program	16.543	not applicable	35	-
State Criminal Alien Assistance Program	16.606	not applicable	484	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	103	-
Equitable Sharing Program	16.922	not applicable	220	-
* Pass-Through Payments from Commonwealth of Virginia:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	390002-CJS99001	316	-
STOP Violence Against Women Formula Grants	16.588	390002-116416 390002-118418	23	-
Total Department of Justice			<u>1,525</u>	<u>-</u>
DEPARTMENT OF TRANSPORTATION:				
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	605007-51329 605007-52071	220	-
* Highway Planning and Construction Cluster ⁸				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	not available	13,499	-
* Highway Safety Cluster ⁹				
State and Community Highway Safety	20.600	605007-51324 605007-51327 605007-52000 605007-52069	147	-
National Priority Safety Programs	20.616	605007-51294 605007-52070	13	-
Total Department of Transportation			<u>13,879</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	4,812	-

⁸ Highway Planning and Construction Cluster (ALN 20.205) Total \$13,499

⁹ Highway Safety Cluster (ALN 20.600 & 20.616) Total \$160

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022
(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 THE TREASURY (cont'd):				
* Pass-Through Payments from Commonwealth of Virginia (cont'd):				
* Department of Treasury (cont'd):				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) – COVID-19	21.027 ¹⁰	Not Available	22,223	13,690
* Department of Behavioral Health & Developmental Services:				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) – COVID-19	21.027 ¹⁰	445001-120645	38	-
Total Department of the Treasury			27,073	13,690
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
* Pass-Through Payments from Commonwealth of Virginia:				
* The Library of Virginia:				
Grants to States – COVID-19	45.310	Not Available	34	-
Total Department Institute of Museum and Library Services			34	-
DEPARTMENT OF VETERANS AFFAIRS:				
* Direct Payments:				
Veterans Medical Care Benefits	64.009	not applicable	73	-
Total Department of Veterans Affairs			73	-
DEPARTMENT OF EDUCATION:				
* Direct Payments:				
Impact Aid (Title VII of ESEA)	84.041	not applicable	339	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Education:				
Adult Education - Basic Grants to States	84.002 ¹¹	179001-61380	147	-
Title I Grants to Local Educational Agencies (Title I, Part A of The ESEA)	84.010	179001-42901 179001-42935	13,336	-
Title I Program for Neglected & Delinquent Children	84.013	179001-42948	63	-
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	179001-61095	1,137	-
Twenty-First Century Community Learning Centers	84.287	179001-60565	539	-
English Language Acquisition State Grants	84.365	179001-60512	1,692	-
Supporting Effective Instruction State Grants	84.367	179001-61480	2,133	-
Safe & Drug-Free Schools & Communities - State Grants	84.186	179001-60511	342	-
Education Stabilization Fund (ESF) – COVID-19	84.425C	179001-APE70037	377	-
Education Stabilization Fund (ESF) – COVID-19	84.425U	179001-APE70037	102	-
Education Stabilization Fund (ESF) – COVID-19	84.425D	179001-APES0193 179001-APES0195 179001-APES0177	57,071	-

¹⁰ Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) – COVID-19 (ALN 21.027 Total) \$22,261

¹¹ ALN 84.002 Total \$763

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022
(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 Education (cont'd):				
* Special Education Cluster (IDEA) ¹²				
Special Education - Preschool Grants (IDEA Preschool)	84.173	179001-62521	426	-
Special Education - Grants to States (IDEA, Part B)	84.027	179001-43071	16,607	-
* Department of Behavioral Health & Developmental Services:				
Special Education - Grants for Infants & Families	84.181	445007-43084 445007-43085	365	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Aging:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	not available	285	-
* Pass-Through Payments from Fairfax County				
Adult Education - Basic Grants to States	84.002 ¹¹	not available	616	-
* Pass-Through Payments from College of William and Mary				
Education for Homeless Children and Youth	84.196 ¹³	not available	41	-
Education for Homeless Children and Youth – COVID-19	84.196 ¹³	not available	1	-
Total Department of Education			<u>95,619</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
* Direct Payments:				
* Head Start Cluster ¹⁴				
Head Start	93.600	not applicable	4,197	-
Head Start – COVID-19	93.600	not applicable	181	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Aging:				
State Health Insurance Assistance Program (SHIP)	93.324	45504-117058 45504-118049	32	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	45506-118046 45506-120295	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 45506-12096 46813-12096	17	-
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 46813-117229	5	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	45504-116341	2	-

¹² Special Education Cluster (IDEA) (ALN 84.027/84.173) Total \$17,033

¹³ ALN 84.196 Total \$42

¹⁴ Head Start Cluster (ALN 93.600) Total \$4,378

¹⁵ ALN 93.042 Total \$22

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022
(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):				
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	45504-114556 45504-117252	4	-
National Family Caregiver Support, Title III, Part E	93.052	45504-116340 45504-118053 45504-120297	110	-
* Aging Cluster ¹⁶				
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044 ¹⁷	45504-11634 45504-118049 45504-118053 45504-12061	277	-
Grants for Supportive Services and Senior Centers – COVID-19	93.044 ¹⁷	45504-11634 45504-117233 45504-118049	15	-
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045 ¹⁸	45701-116343 45701-118050 45703-116342 45703-116821 45703-118051 45701-120262 45701-120263	422	-
Nutrition Services – COVID-19	93.045 ¹⁸	45703-117251	148	-
Nutrition Services Incentive Program	93.053	46811-118048 46811-120260	54	-
Medicare Enrollment Assistance Program	93.071	45504-118013 44820-114546 45504-114547 44820-118014	34	-
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	499033-112274	2	-
* Department of Health: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) – COVID-19	93.323	not available	70	-
* Department of Behavioral Health & Developmental Services: Guardianship Assistance	93.090	46010-91128 46010-91428 46010-92128	4	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	445006-51100 445006-51101	93	-

¹⁶ Aging Cluster (ALN 93.044/93.045/93.053) Total \$916

¹⁷ ALN 93.044 Total \$292

¹⁸ ALN 93.045 Total \$570

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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 Behavioral Health & Developmental Services (cont'd):				
Block Grants for Community Mental Health Services	93.958 ¹⁹	445006-52201	463	-
Block Grants for Community Mental Health Services – COVID-19	93.958 ¹⁹	445006-59001	334	-
Block Grants for the Prevention & Treatment of Substance Abuse	93.959 ²⁰	445001-50251 445001-50271 445001-59110	737	-
Block Grants for the Prevention & Treatment of Substance Abuse – COVID-19	93.959 ²⁰	445001-59110 445001-59910	893	-
Opioid State Targeted Response (STR)	93.788	445001-53004 445001-53034	198	-
* Department of Social Services:				
Title IV-E Prevention Program	93.472	46010-91151 46010-91451 46010-92151 46010-93151 46905-90300	49	-
* Temporary Assistance For Needy Families (TANF) Cluster ²¹				
Temporary Assistance for Needy Families (TANF)	93.558	45201-90603 45212-90366 45212-90377 46010-91109 46010-91110 46010-91111 46010-91112 46010-91127 46010-92109 46010-92110 46010-92111 46010-92112 46010-92127 46010-93109 46010-93110 46010-93111 46010-93112 46010-93127 46010-93128	1,554	-
Promoting Safe & Stable Families	93.556	46010-91129 46010-92129 46010-93129 46902-90359 46902-90360 46902-90361	201	-

¹⁹ ALN 93.958 Total \$797

²⁰ ALN 93.959 Total \$1,630

²¹ Temporary Assistance for Needy Family (TANF) Cluster (ALN 93.558) Total \$1,554

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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):				
Refugee & Entrant Assistance - State - Administered Programs	93.566	46010-91113 46010-92113 46010-93113 49102-90623	614	-
Low-Income Home Energy Assistance	93.568	46010-91114 46010-92114 46010-93114	215	-
Community-Based Child Abuse Prevention Grants	93.590	46902-93590	1	-
Chafee Education and Training Vouchers Program (ETV)	93.599	46902-90353	6	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	46010-91131 46010-92131 46010-93131	3	-
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 46010-93105 46010-93106 46010-93107 46010-93133 46010-93138 46010-93147 46901-90635 46901-90636 46901-90637 46901-90638 46901-90639 46901-90640 46901-90655 46901-90657 46901-90658 46902-90047	2,029	-

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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):				
Adoption Assistance - Title IV-E	93.659	46010-90214 46010-91108 46010-91408 46010-92108 46010-93108 46903-90606 46903-90607 46903-90627	1,159	-
Social Services Block Grant	93.667	46010-91120 46010-91122 46010-91123 46010-91124 46010-91125 46010-91126 46010-91142 46010-91157 46010-92120 46010-92122 46010-92123 46010-92124 46010-92125 46010-92126 46010-92142 46010-92157 46010-93120 46010-93122 46010-93123 46010-93124 46010-93125 46010-93126 46010-93142 46802-90340 46802-90379 46802-90308 46902-90351 46902-90357 46902-90358 46903-90648	1,514	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674 ²²	46010-91134 46010-92134 46010-93134 46902-90356	20	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood – COVID-19	93.674 ²²	46902-90271	6	-
Elder Abuse Prevention Interventions Program – COVID-19	93.747	46802-90384 46802-90387	51	-

²² ALN 93.674 Total \$26

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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):				
Children's Health Insurance Program (CHIP)	93.767	46010-90161 46010-91102 46010-91402 46010-92102 46010-93102	36	-
* Child Care Development Fund (CCDF) Cluster ²³				
Child Care and Development Block Grant – COVID-19	93.575	46010-90785	41	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	45214-90529 45214-90540 45214-90541 45215-90521 45215-90566 46010-91116 46010-91117 46010-91118 46010-92116 46010-92117 46010-92118 46010-93116 46010-93117 46010-93118 45214-90529 45214-90540	348	-
* Medicaid Cluster ²⁴				
Medical Assistance Program (Medicaid; Title XIX)	93.778	46010-90160 46010-90213 46010-91101 46010-91146 46010-91150 46010-91401 46010-91446 46010-91450 46010-92101 46010-92146 46010-92150 46010-93101 46010-93146 46010-93150	3,478	-
* Department of Aging:				
Medical Assistance Program (Medicaid; Title XIX)	93.778	45506-46200	6	-
* Department of Medicaid Services:				
Medical Assistance Program (Medicaid; Title XIX)	93.778	not available	1,172	-
Total Department of Health and Human Services			20,799	-

²³ Child Care and Development Fund (CCDF) Cluster (ALN 93.596) Total \$389

²⁴ Medicaid Cluster (ALN 93.778) Total \$4,656

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2022
 (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 HOMELAND SECURITY:				
* Direct Payments:				
Emergency Management Performance Grants (EMPG) – COVID-19	97.042 ²⁵	not applicable	1,654	-
Homeland Security Grant Program (HSGP)	97.067 ²⁶	not applicable	453	-
* Pass-Through Payments from Northern Virginia Emergency Response System:				
Homeland Security Grant Program (HSGP)	97.067 ²⁶	not available	7	-
* Pass-Through Payments from Commonwealth of Virginia:				
* Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) – COVID-19	97.036	776002-116792 776002-118558	2,556	-
Emergency Management Performance Grants (EMPG) – COVID-19	97.042 ²⁵	775001-116308	72	-
Homeland Security Grant Program (HSGP)	97.067 ²⁶	not available	501	-
Total Department of Homeland Security			<u>5,243</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 273,599</u>	<u>\$ 14,641</u>

²⁵ ALN 97.042 Total \$1,726

²⁶ ALN 97.067 Total \$961

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022
(amounts expressed in thousands)

NOTE (1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes all federal grant activity of the County during fiscal year 2022. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1C, of the County’s Annual Comprehensive Financial Report (ACFR).

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 State and Local Fiscal Recovery Funds (CSLFRF), SLFRF – COVID-19 (ALN 21.027) 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 ACFR Exhibit 5 and 8 and Schedule 38 and the School Board’s separately issued ACFR Exhibit 5 to the SEFA. A copy of the County’s ACFR may be obtained through the County’s website at www.pwcgov.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 8 and Schedule 38 per County’s ACFR	\$ 100,330
School’s Total Federal Revenue per School’s ACFR	172,401
Less: School ACFR adjustment	<u>(219)</u>
	272,512
Items expended from Restricted Fund Balance:	
Adjustments to Donations	(60)
Emergency Solutions Grant Program (ALN 14.231)	3
Section 8 Housing Choice Vouchers (ALN 14.871)	(1,225)
Equitable Sharing Program (DOJ) (ALN 16.922)	1
Highway Planning and Construction (ALN 20.205)	3,465
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (ALN 21.027)	38
Grants to States – COVID-19 (ALN 45.310)	34
Child Care and Development Block Grant (ALN 93.575)	27
Block Grants for Community Mental Health Services – COVID-19 (ALN 93.958)	13
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(59)
Payments from BABS and QSCBS receipts received by the County	<u>(1,150)</u>
Total Expenditures of Federal Awards per SEFA	<u>\$ 273,599</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 2022 was \$7 (ALN 10.555) and the value of equipment received by the County during fiscal year 2022 was \$7 (ALN 97.067). These amounts have been included in the SEFA and in the County’s ACFR.

During fiscal year 2022, the County received and expended \$3,961 in surplus food commodities from the federal government. At year end, \$31 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, 2022

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 2022-002**
- c. Material weaknesses in internal control disclosed by the audit of financial statements: **Yes, Finding 2022-001**
- 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>
21.027	Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	Unmodified
84.010	Title I	Unmodified
84.027	Special Education - Grants to States (IDEA, Part B)	Unmodified
84.425	Education Stabilization Fund	Unmodified
97.036	Disaster Grants	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, 2022

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

a. **Finding 2022-001: Material Weakness – Internal Control over Financial Reporting – Annual External Financial Reporting in Accordance with Accounting Principles Generally Accepted in the United States of America**

Criteria: An effective system of internal control contemplates that management prepare financial statements that are accurate and in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including the effective implementation of new accounting pronouncements and the continued adherence to existing accounting pronouncements. Part of achieving that objective requires maintaining accurate and complete general and subsidiary ledgers, along with supporting records to support the existence, completeness, and valuation of all assets, deferred inflows of resources, liabilities, deferred outflows of resources, revenues, and expenses/expenditures.

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 Annual Comprehensive Financial Report (“ACFR”) produced within the Finance Department. Additionally, Governmental Accounting Standards Board (“GASB”) Statement No. 87, Leases, became effective on July 1, 2021. During the external audit, instances were identified which required adjustments to properly reflect supported financial statement amounts and implement GASB 87. Corrected misstatements included:

- Reversal of management’s adjustment to remove capital assets that were incorrectly identified as leased assets. The amount of this adjustment was approximately \$54.5 million.
- Reversal of prior year accruals for amounts due from other governments. The amount of this adjustment was approximately \$7.6 million.
- Reduction of receivables and unavailable revenues of approximately \$2.5 million.
- Reclassification of property tax revenue of \$9.2 million from the Fire & Rescue Levy Fund to the General Fund and various other nonmajor governmental funds.

Cause: The County’s Department of Finance lacks sufficient technical resources, both personnel and technology, to complete an accurate annual financial period close and produce compliant financial statements while adhering to externally imposed financial reporting deadlines.

Effect: The limited technical resources within the County’s Finance Department, combined with an accelerated reporting timeline, resulted in instances where the complete and accurate recordation of some financial transactions within the General Ledger and adoption of new accounting pronouncements did not occur. Additionally, until the recent implementation of software for lease tracking, the County lacked an automated tool to appropriately monitor leasing arrangements.

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Recommendation: We recommend the County incorporate into its internal control process routine interim reconciliations of financial statement elements in order alleviate the time pressure of the annual financial reporting process. Further, we recommend that the process of implementing new accounting pronouncements undergo elevated scrutiny by various levels of management.

Views of responsible officials and planned corrective action: The Finance Department has been stretched beyond its typical workloads in calendar years 2020, 2021, 2022, even when considering the overtime worked to complete deliverables, such as, the Annual Comprehensive Financial Report (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. The increase in the number and complexity of transactions has 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. With the adoption of the County's FY 2023 budget, the Board of County Supervisors (BOCS) took action to begin to address the staffing in the Finance Department by authorizing four (4) new FTEs for FRC. These four positions have since been successfully filled. 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 do not entirely address the staffing needs to handle current workload demands nor future County growth, new projects and the level of effort required to implement new accounting pronouncements. 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 fully addressed. To respond to the finding, Finance is working to expeditiously and adequately train the four new personnel so they can effectively make a positive difference in the year end closing and audit process. 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. Finding 2022-002: Significant Deficiency – Vendor Management

Criteria: Management is responsible for designing and implementing internal controls with the primary objective of safeguarding assets, ensuring the accuracy and reliability of accounting data, promoting operational efficiency, and encouraging adherence to prescribed managerial policies.

Condition: In FY 2023, the County experienced two instances in which an individual(s) impersonated vendors of the County and were able to successfully request modifications to existing user accounts within the County's vendor management system. Once granted access to the vendor management system, the individuals made unauthorized changes to the vendors' electronic payment information. Following these unauthorized changes, multiple legitimate payments totaling \$4.1 million were directed by the County to bank accounts not controlled by those vendors. All but approximately \$0.2 million of the misdirected payments were subsequently recovered by the County after the receiving financial institution flagged the transactions and alerted the County's financial institution of the irregularity.

Cause: Internal controls within the Mobius financial management system related to vendor management were not adequately designed to prevent unauthorized access to vendor files nor to detect and correct unauthorized changes to those files in a timely manner.

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Effect: The County is exposed to potential losses without internal controls over the vendor management process that are both properly designed and effectively implemented to prevent, or detect and correct, unauthorized changes to vendor information in a timely manner.

Recommendation: We recommend that management implement a multi-factor authentication for supplier contacts to ensure that vendor information is accessible and subject to change only by authorized individuals. Additionally, we recommend that management implement a process by which all changes to vendor master files are reviewed routinely and in a timely manner, with any changes to vendor payment instructions requiring independent corroboration with the vendor before any payments per the updated information may be made.

Views of responsible officials and planned corrective action: The County's Department of Finance and Department of Information Technology took immediate action to strengthen internal controls over the vendor maintenance files, including additional staff training, an additional level of supervisory approval and a process redesign. The County workforce authenticates to the Mobius system through Multi-Factor Authentication (MFA). The County is also working with its third-party implementor, AST, and software provider, Oracle, to explore the implementation of MFA for supplier contacts. In addition, management requested the Board Audit Committee take action to modify the Calendar Year 2022 Internal Audit Plan to add an independent forensic audit of the vendor maintenance files.

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

a. Finding 2022-003: 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: Out of a total three hundred and eleven (311) 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 and follows up with several communications once the due date has passed 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 2021-003.

Recommendation: Local government officials should complete the SOEI, FDS and/or RE forms in accordance with prescribed requirements.

PRINCE WILLIAM COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Views of Responsible Officials and Planned Corrective Action: The Clerk to the Board of County Supervisor’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.



The Board of County Supervisors

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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, 2022

A. Finding 2022-001: Material Weakness – 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:

The Finance Department has been stretched beyond its typical workloads in calendar years 2020, 2021, 2022, even when considering the overtime worked to complete deliverables, such as, the Annual Comprehensive Financial Report (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. The increase in the number and complexity of transactions has 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. With the adoption of the County’s FY 2023 budget, the Board of County Supervisors (BOCS) took action to begin to address the staffing in the Finance Department by authorizing four (4) new FTEs for FRC. These four positions have since been successfully filled. 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 do not entirely address the staffing needs to handle current workload demands nor future County growth, new projects and the level of effort required to implement new accounting pronouncements. 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 fully addressed. To respond to the finding, Finance is working to expeditiously and adequately train the four new personnel so they can effectively make a positive difference in the year end closing and audit process. 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

COUNTY OF PRINCE WILLIAM, VIRGINIA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2022

B. Finding 2022-002: Significant Deficiency – Vendor Management

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

Corrective Action: The County's Department of Finance and Department of Information Technology took immediate action to strengthen internal controls over the vendor maintenance files, including additional staff training, an additional level of supervisory approval and a process redesign. The County workforce authenticates to the Mobius system through Multi-Factor Authentication (MFA). The County is also working with its third-party implementor, AST, and software provider, Oracle, to explore the implementation of MFA for supplier contacts. In addition, management requested the Board Audit Committee take action to modify the Calendar Year 2022 Internal Audit Plan to add an independent forensic audit of the vendor maintenance files.

Proposed Completion Date: Immediately

C. Finding 2022-003: Non-Material Noncompliance – Conflict of Interests

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

Corrective Action: The Clerk to the Board of County Supervisor'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.

Proposed Completion Date: Immediately

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

For the Year Ended June 30, 2022
(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. 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

Summary of Finding: During the County’s 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. 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.

Corrective Action Taken: Management concurs with Finding 2021-001. 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.

Status Update: With the adoption of the County’s FY 2023 budget, the Board of County Supervisors (BOCS) took action to begin to address the staffing in the Finance Department by authorizing four (4) new FTEs for FRC. FRC quickly hired personnel to fill the 4 new FTEs to start addressing strained workload capacity within FRC. We also implemented process improvements around year-end accruals and analyzing the annual activity presented in the ACFR to assist with identifying any material adjustments. However, FRC continues to not have enough personnel and technological tools to address the increased workload experienced by the County’s growth over the last 10 years. Finance is working to expeditiously and adequately train the four new personnel so they can effectively make a positive difference in the year end closing and audit process.

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

i. 2021-002: 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

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

For the Year Ended June 30, 2022
(amounts expressed in thousands)

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.

Corrective Action Taken: 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.

Status Update: All uniform transfers in the Training Division with Aid to Localities (ATL) Expenditure authority are training regarding unallowable expenditures. Expenditure approval path in Mobius financial management system for ATL COAs has been modified to include Assistant Director for Business Services as final approval to ensure compliance with ATL guidelines. The Assistant Director for Business Services also serve as final reviewer and approval of monthly P-Card reconciliation which includes what COA to expend transaction to. The corrections were made to the process to exclude unallowable costs for the Fire Programs Aid to Localities in FY 2022. Therefore, the issue was remediated.

Repeat Finding: No.

ii. **2021-003: Non-material Noncompliance – Conflict of Interest**

Summary of Finding: 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.

Corrective Action Taken: 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

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

For the Year Ended June 30, 2022
(amounts expressed in thousands)

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.

Status Update: A review of the filing requirements was not included in the scope of work performed and completed by RSM during Phase II of the review of the County's Boards, Committees, and Commissions. As noted in the Corrective Action Taken statement, the Clerk's Office continues to comply with all legal requirements to provide employees and BCC members with the necessary forms to complete upon hire, appointment, or annually.

Repeat Finding: This is a repeat finding with regards to County instances in FY 2022. Please see 2022-003.

**PRINCE
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PRINCE WILLIAM
COUNTY