



PRINCE WILLIAM COUNTY

Prince William County, Virginia Internal Audit Report: American Rescue Plan Act Calendar Year 2023 Subrecipient Monitoring Report (Interim)

April 11, 2024





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TRANSMITTAL LETTER

April 11, 2024

The Board Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the statement of work dated August 7, 2023, 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 the American Rescue Plan Act (“ARPA”) Calendar Year (“CY”) 2023 Subrecipient Monitoring (Interim). We will be presenting this interim report to the Board Audit Committee of Prince William County at the next scheduled meeting on May 14, 2024. A subsequent comprehensive report will be prepared upon the completion of the second phase of CY 2023 monitoring, which is currently in progress.

Our report is organized into the following sections:

| | |
|--------------------------|---|
| Executive Summary | This section provides an overview of funding and summarizes the current status of ARPA funding allocations by subrecipient, as approved by the BOCS for the use of the ARPA program funds. |
| Interim Results | This section includes a description of the funding received, current review status, as well as observations noted by subrecipient during our review. When applicable, program enhancement opportunities for consideration are included. |

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 ARPA Funding Background and RSM Scope

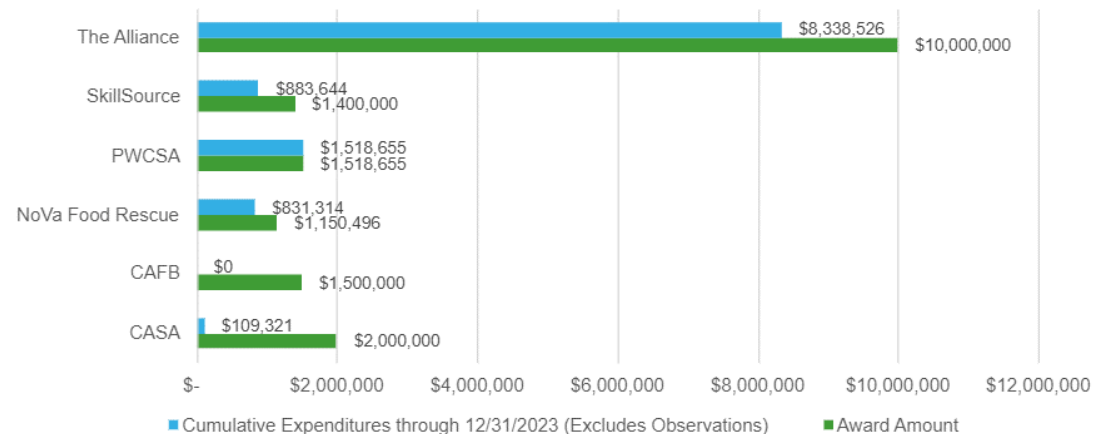
On March 11, 2021, President Biden signed the American Rescue Plan Act, which in part authorized the Coronavirus State and Local Fiscal Recovery Fund (“SLFRF”). The SLFRF program delivered \$350 billion to state, territorial, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. Through the passage of ARPA, Prince William County was allocated approximately \$91 million in two (2) equal allotments. Part of this funding was allocated to subrecipients organizations to carry out eligible activities, as defined by U.S. Treasury, on behalf of the County.

All federal grants are subject to the U.S. Office of Management and Budget’s (“OMB”) Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (“Uniform Guidance”). Section 2 CFR 200.332 of the Uniform Guidance contains requirements for pass-through entities, including the requirement to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for the purpose of determining the appropriate subrecipient monitoring procedures to be performed. As such, the primary objective of this internal audit was to conduct subrecipient monitoring over the six (6) ARPA funding subrecipients outlined below, on behalf of the County. The testing period for this interim report was January 1, 2023 through December 31, 2023 for each subrecipient, split into two (2) phases. The first phase covered expenditures from January 1, 2023 through June 30, 2023. The second phase covered expenditures from July 1, 2023 through December 31, 2023. At the conclusion of this second phase of monitoring, a comprehensive report covering the entire calendar year 2023 will be prepared and presented to the Board Audit Committee of Prince William County. Please note that 2022 expenditures were reviewed and the resulting primary report was issued on June 26, 2023. A subsequent report was issued on December 20, 2023 for the two (2) subrecipients whose 2022 testing status was ‘in progress’ as of the June 26, 2023 report.

Subrecipient Monitoring Status by Year

| Subrecipient Monitored | CY 2023 1/1/23 – 6/30/23 | CY 2023 7/1/23 – 12/31/23 |
|--|--------------------------------|---------------------------------|
| CASA | Complete | Not Started ¹ |
| Capital Area Food Bank (“CAFB”) ² | N/A | In progress |
| Northern Virginia Food Rescue (“NoVA Food Rescue”) | Complete | In progress |
| Prince William County Service Authority (“PWCSA”) | Complete | N/A ³ |
| SkillSource Group, Inc. (“SkillSource”) | Complete | In progress |
| The Human Services Alliance of Greater Prince William (“The Alliance”) | Complete | In progress |

Cumulative Subrecipient Spending Status



¹ Refer to the detailed results on page four (4) for further information on the testing status.

² Capital Area Food Bank’s executed subrecipient agreement was signed in September 2023. Therefore, they were not included in the first phase of CY 2023 ARPA subrecipient monitoring procedures.

³ All ARPA expenditures have been expended as of June 30, 2023. Review of PWCSA was completed and reported within the report issued December 20, 2023.

INTERIM RESULTS

Below is a summary of the funding status for each of the in scope subrecipients as of April 9, 2024. Following this summary is a brief report with each subrecipient's testing results. Amounts in the table have been rounded to the nearest dollar.

| Subrecipient | CASA | CAFB | NoVA Food Rescue | PWCSA | SkillSource | The Alliance |
|---|---|---|---|---------------------------|---|---|
| SLFRF Certification Specified Use of Funds | Training lab construction and programming start-up costs at the Welcome Center. | Construction of the CAFB's new food warehouse, specifically the roofing, glass / glazing, and freezer/ cooler metal wall panel costs. | To support the administrative costs of operating the feeding task force food warehouse and the rental of the warehouse space. | Municipal utility relief. | Support urgent novel coronavirus (COVID-19) response efforts; support immediate economic stabilization for households and businesses; and/or address the systemic public health and economic challenges that have contributed to the inequal impacts of the pandemic. | Grants for ARPA Wellbeing Programs and the administration of such programs. |
| 1/1/23 – 6/30/23 Status | Complete | N/A | Complete | Complete | Complete | Complete |
| 7/1/23 – 12/31/23 Status | Not Started | In Progress | In Progress | N/A | In Progress | In Progress |
| Total Award⁴ | \$2,000,000 | \$1,500,000 | \$1,150,496 ⁵ | \$1,518,655 | \$1,400,000 | \$10,000,000 |
| CY 2022 Expenditures⁶ | \$35,815 | \$0 | \$441,601 | \$1,483,020 | \$266,985 | \$2,552,282 |
| CY 2023 Expenditures | \$150,750* | \$141,719* | \$441,419* | \$35,635 | \$616,659* | \$5,814,338* |
| CY 2023 Observations⁷ | \$77,244* | \$141,719* | \$51,706* | \$0 | \$0* | \$28,094* |
| Funds Remaining⁸ | \$1,890,679** | \$1,500,000** | \$319,182** | \$0 | \$516,356** | \$1,661,474** |

⁴ On February 20, 2024, the Board Audit Committee approved resolution number 24-161, resulting in the following changes to the total award amounts: CASA's award was decreased to \$500,000; NoVA Food Rescue received an additional \$190,000 for food distribution and related administrative costs; and the Alliance received an additional \$100,000. These changes are pending an amendment to the respective subrecipient certifications, and are not reflected within the total award amounts noted above.

⁵ NoVA Food Rescue was awarded an additional \$422,041 for fiscal year 2024, beginning July 1, 2023. This increased their total award amount to \$1,150,496. The initial allocated amount for fiscal year 2024 was previously \$433,438. The difference of \$11,397 was re-allocated to food acquisition to be purchased by the County on behalf of NoVA Food Rescue.

⁶ Excludes observations.

⁷ *Indicates testing is in progress and amounts may change as testing continues. Amounts reported are as of April 9, 2024.

⁸ **Indicates funds remaining may be impacted by testing in progress.

INTERIM RESULTS (CONTINUED)

Below contains a testing status update as of April 9, 2024, for each of the in-scope subrecipients.

| Subrecipient | CASA |
|----------------|--|
| Period | January 1, 2023 – March 31, 2023 |
| Updated Status | Complete |
| | <p>CASA has a total of \$49,442 of observations out of the \$118,051 requested, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – CASA was unable to provide documentation to support that procurement methods were in compliance with 2 CFR 200.320. This impacted nine (9) vendors, totaling \$46,898. This is a carryover comment from prior testing, as results from the initial testing of CY 2022 were not complete until June 2023. b. Ineligible cost – Two (2) purchases totaling \$2,544 were made for marketing items such as: lip balm, hand sanitizer, drawstring bags, hoodies, etc. Upon review it was determined these purchases were not in alignment with the allowable costs outlined in their respective grant agreement with the County. <p>These results were previously included within the CY 2023 Interim report issued December 20, 2023.</p> |
| Period | April 1, 2023 – June 30, 2023 |
| Status | Complete |
| | <p>CASA has a total of \$27,802 of observations out of the \$32,699 requested, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – CASA was unable to provide documentation to support procurement methods were in compliance with 2 CFR 200.320. This impacted nine (9) vendors, totaling \$20,302. This is a carryover comment from prior testing, as results from the initial testing of CY 2022 were not complete until June 2023. b. Ineligible cost – Two (2) purchases totaling \$5,600 were made for marketing items such as: lanyards, thermometers, sunscreen, pill boxes, fidget fun blocks, etc. Upon review it was determined these purchases were not in alignment with the allowable costs outlined in their respective grant agreement with the County. c. Duplicate invoice – One (1) purchase for \$1,900 was identified as a duplicate expense. <p>These results were previously included within the CY 2023 Interim report issued December 20, 2023.</p> |
| Period | July 1, 2023 – December 31, 2023 |
| Status | Not Started |
| | <p>Due to the results of the Q1 and Q2 FY 2023 monitoring and in an effort to maintain compliance with Federal Statutes, regulations and the term and conditions of the subaward, the County previously elected to perform 100% reviews for all invoices previously submitted and all submissions going forward. On February 9, 2024, the County issued a memorandum to CASA to summarize the \$197,276 of observations identified between July 1, 2022 and June 30, 2023, as well as to provide next steps for CASA. In lieu of returning the \$197,276 of observations, the County has requested CASA replace those costs with eligible expenditures, as described within section twelve (12) and thirteen (13) of their executed Subrecipient Certification. RSM, on behalf of PWC, will be performing 100% review for all replacement expenditures submitted.</p> <p>To date, the replacement expenditures as well as expenditures incurred from July 1, 2023 through December 31, 2023, have not been submitted for review.</p> |

INTERIM RESULTS (CONTINUED)

| | |
|---------------------|--|
| Subrecipient | Capital Area Food Bank |
| Period | July 1, 2023 – December 31, 2023 |
| Status | In Progress |
| | <p>CAFB has a total of \$141,719 of observations out of the \$141,719 requested, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – CAFB was unable to provide documentation to evidence that procurement methods of their general contractor were in compliance with 2 CFR 200.320. Specifically, the Request for Proposal (RFP) was not publicly advertised through sealed bids or proposals, and the RFP did not define the weight / relative importance of the sixteen (16) criteria that <i>may</i> be taken into consideration by CAFB when selecting a vendor. Per 2 CFR 200.320(b)(2)(i), “<i>Requests for proposals must be publicized and identify all evaluation factors and their relative importance.</i>” <p>The County has discussed the above observation with CAFB, who has indicated that a memo will be prepared to formally state their position regarding the procurement observation, and why they believe the contract is an exception to the Uniform Guidance Procurement Standards. Once the memo has been received, the County will provide RSM with direction regarding whether the contract will be allowable.</p> |


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|-----------------------|---|
| Subrecipient | NoVA Food Rescue |
| Period | January 1, 2023 – June 30, 2023 |
| Updated Status | Complete |
| | <p>NoVA has a total of \$27,086 of observations out of the \$224,710 of reported expenditures, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – NoVA was unable to provide documentation to evidence that procurement methods were in compliance with 2 CFR 200.320. This impacted four (4) vendors, totaling \$27,086. <p>NoVA Food Rescue provided the adjusting journal entry for the \$27,086 of procurement observations to evidence those funds were re-classified from ARPA funding.</p> |
| Period | July 1, 2023 – December 31, 2023 |
| Status | In Progress |
| | <p>Testing is currently in progress. However, we identified \$24,620 of observations related to the four (4) vendors included within the procurement observation summarized above. Additional observations may arise upon the completion of phase two (2) testing.</p> <p>NoVA Food Rescue provided the adjusting journal entry for the \$24,620 of procurement observations to evidence those funds were re-classified from ARPA funding.</p> |

| | |
|---------------------|--|
| Subrecipient | Prince William County Service Authority |
| Period | January 1, 2023 – June 30, 2023 |
| Status | Complete |
| | <p>There were no observations noted as part of our review for this period. All ARPA expenditures were expended as of June 30, 2023. Review of PWCSA was completed and included within the CY 2023 Interim report issued December 20, 2023.</p> |

INTERIM RESULTS (CONTINUED)

| | |
|---------------------|--|
| Subrecipient | SkillSource Group, Inc. |
| Period | January 1, 2023 – June 30, 2023 |
| Status | Complete |
| | <p>There were no observations noted as part of our review for this period.</p> <p>Improvement Opportunity – It was noted during the review that the contract with Fairfax County was renewed one (1) week after the contract term expired. We recommend extending contracts, where permissible under such contract, prior to contract expiration to minimize the risk of service disruption and facilitate continued compliance with procurement requirements.</p> <p>These results were previously included within the CY 2023 Interim report issued December 20, 2023.</p> |
| Period | July 1, 2023 – December 31, 2023 |
| Status | In Progress |
| | <p>Testing is currently in progress.</p> |

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|-----------------------|---|
| Subrecipient | The Human Services Alliance of Greater Prince William |
| Period | January 1, 2023 – June 30, 2023 |
| Updated Status | Complete |
| | <p>The Alliance has a total of \$12,880 of observations out of the \$4,494,578 of reported expenditures, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – The Alliance was unable to provide documentation to evidence that procurement methods were in compliance with 2 CFR 200.320. This impacted five (5) vendors, totaling \$12,880. <p>The Alliance provided the adjusting journal entry for the \$12,880 of procurement observations noted above to evidence those funds were re-classified from ARPA funding.</p> |
| Period | July 1, 2023 – December 31, 2023 |
| Status | In Progress |
| | <p>Testing is currently in progress. However, we have identified \$15,214 of observations related to the five (5) vendors included within the procurement observation summarized above. Additional observations may arise upon the completion of phase two (2) testing.</p> <p>The Alliance provided the adjusting journal entry for the \$15,214 of procurement observations to evidence those funds were re-classified from ARPA funding.</p> |



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