



PRINCE WILLIAM COUNTY

Prince William County, Virginia Internal Audit Report – CARES Act Monitoring

September 28, 2021



TABLE OF CONTENTS

Transmittal Letter	1
Executive Summary	2
Background	3
Objectives and Approach	7
Detailed Results	8
Appendix A: Tool For Monitoring The Sub-Recipient(s) of CRF Covid-19 Funds	28
Appendix B: CARES Act Eligible Expenses.....	30

TRANSMITTAL LETTER



September 28, 2021

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

RSM US LLP
1861 International Drive
Suite 400
McLean, VA 22102
O: 321.751.6200 F: 321.751.1385
www.rsmus.com

Pursuant to the internal audit plan for calendar year (“CY”) ending 2020 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BOCS”), we hereby present the internal audit report on CARES Act Sub-recipient Monitoring. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on October 5, 2021.

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”). Prince William County (“PWC”, “County”), located in Northeast Virginia, received a combined amount of \$82,069,830 in CARES Act Coronavirus Relief Funds (“CRF”). Funding was allocated by the Board of County Supervisors (“BOCS”, “Board”) 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.

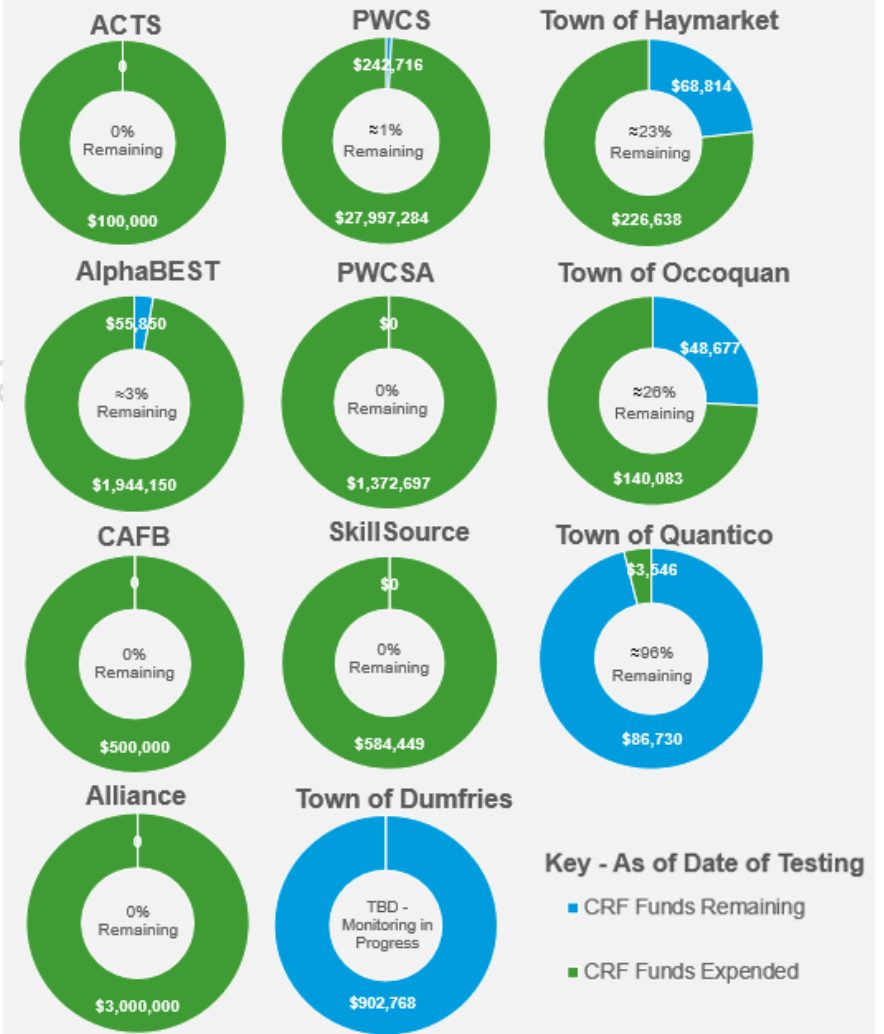
Between June 2020 and December 2020, the BOCS authorized numerous Memorandums of Understanding (“MOUs”), Certifications and other Agreements with twelve (12) sub-recipients, to provide CARES Act CRF funds for the purpose of responding to the COVID-19 pandemic. Sub-recipients considered in scope for this report are shown below. The remaining two (2) sub-recipients are monitored by PWC internally.

The primary objective of this internal audit was to conduct sub-recipient monitoring of the ten (10) CARES Act sub-recipients outlined below, in addition to the SkillSource Group, Inc., on behalf of the County. SkillSource was not a direct sub-recipient of CRF funds from the County. The County contracted with SkillSource as part of a Workforce Reskilling and Transition grant, utilizing CRF funds to fund the program. 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	Observation Noted	Process Imp. Noted
Action in Community Through Service (“ACTS”)	1	
AlphaBEST Education, Inc. (“AlphaBEST”)		
Capital Area Food Bank (“CAFB”)		1
The Human Services Alliance of Greater Prince William (“Alliance”)	2	
Prince William County Public Schools (“PWCS”)	1	
Prince William County Service Authority (“PWCSA”)		
The SkillSource Group, Inc. (“SkillSource”)		2
Town of Haymarket		
Town of Occoquan	3	
Town of Quantico	2	
County-level		2

CARES Act CRF Spending Status by Sub-Recipient



Monitoring procedures for the Town of Dumfries are ongoing as of the date of this report; they have been excluded from the table above and the details that follow. The report on the Town of Dumfries will be included as part of the additional sub-recipient monitoring procedures to be conducted prior to December 31, 2021.



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.

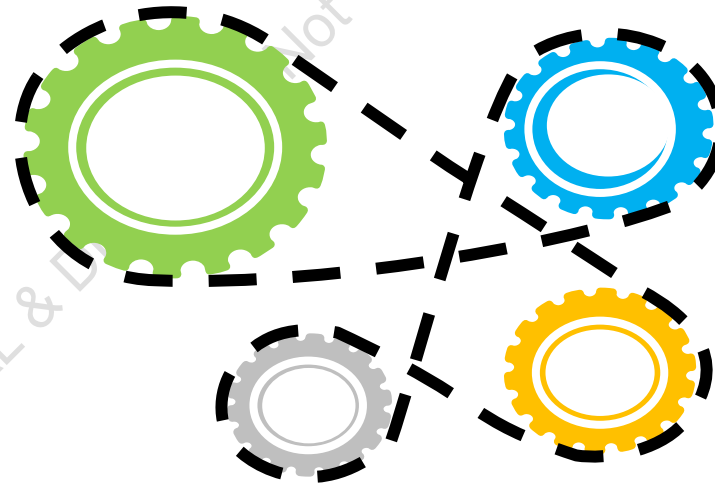
The intent of CARES Act grant funding is to cover direct costs incurred by local governments and their communities as a result of the unprecedented circumstances associated with the COVID-19 pandemic. CARES Act funds were disbursed by the U.S. Department of Treasury to the State of Virginia, and ultimately 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.



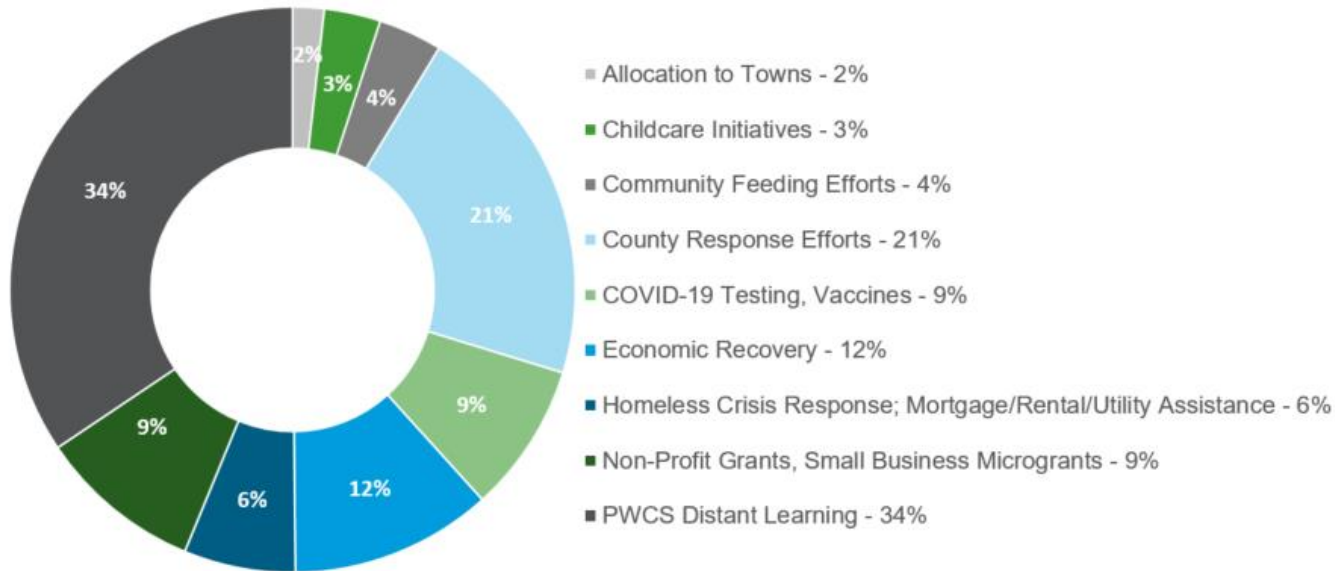
BACKGROUND – CONTINUED

“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.

As of June 29, 2021, CRF funding had been allocated by the County as follows²:



² Values are approximate and based on the County's CARES Act Spend Report as of June 29, 2021.



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. Ten (10) of the twelve (12) sub-recipients were in scope for purposes of this audit and are listed below³ along with their total allocation. 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.



Action in Community Through Service - \$100,000

Action in Community Through Service of Prince William, Inc. (ACTS) is a private, nonprofit 501(c)(3) organization serving the residents of the Greater Prince William Area, which includes the Cities of Manassas and Manassas Park. The mission of ACTS is to alleviate hunger, homelessness and interpersonal violence in order to help individuals achieve self-sufficiency. Services provided include preventing and alleviating human suffering by providing basic human needs of food and shelter; comprehensive domestic violence prevention and intervention programs, as well as a helpline to provide anonymous telephone services as well as resource referrals.



AlphaBEST Education, Inc. - \$2,000,000

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.



Capital Area Food Bank - \$500,000

Capital Area Food Bank (“CAFB”) is a non-profit 501(c)(3) organization serving communities across Virginia, D.C., and Maryland. CAFB strives to provide equitable access to food and opportunity to people struggling with hunger and food insecurity. The mission of CAFB is to help their neighbors by creating more equitable access to food and opportunity through community partnerships.



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

The Human Services Alliance of Greater Prince William (“The Alliance”) is a 501(c)(3) nonprofit association of traditional and non-traditional human services providers that aid the residents of Prince William County and the cities of Manassas and Manassas Park. The mission of the Alliance is to be the catalyst for greater partnerships and collaboration among its network of human services organizations, the faith community, other community organizations, and interested citizens to enhance the lives of the people they support.



Prince William County Public Schools - \$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 school⁴. The mission of PWCS is to provide a world class education.

³ SkillSource, included in scope, was not a direct sub-recipient of CRF funds from the County. Instead, the County contracted with SkillSource as part of a Workforce Reskilling and Transition grant funded with CRF funds.

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



BACKGROUND – CONTINUED



Prince William County Service Authority - \$1,372,697.26

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 SkillSource Group, Inc. - \$739,739

The SkillSource Group, Inc. (“SkillSource”) is a non-profit 501(c)(3) corporation that funds and oversees a range of free workforce and training initiatives on behalf of all employers, job seekers, and workers throughout Fairfax County, Loudoun County and Prince William County. SkillSource is a separate nonprofit entity of the Virginia Career Works – Northern with its own Board of Directors.



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 Haymarket - \$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.



Town of Occoquan - \$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 Quantico - \$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.



OBJECTIVES AND APPROACH

Objectives

The primary objective of this internal audit was to conduct sub-recipient monitoring of the ten (10) in-scope CARES Act sub-recipients and SkillSource, on behalf of Prince William County. 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

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

The purpose of this phase was to select a representative sample of expenditures from each sub-recipient to ensure they met the three key (3) criteria established by the US Treasury, in addition to the procedures outlined below.

As part of our internal audit we performed the following:

- Gained an understanding and documented CARES Act funding programmatic, eligibility, and allowability decisions made by the ten (10) sub-recipients and SkillSource;
- Reviewed the agreements / MOUs between the County and the sub-recipients;
- Determined the current status of non-expended funds of sub-recipients, and plan to expend by 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;
- 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.

Reporting

At the conclusion of this internal audit, we summarized our procedures and findings into this report. We conducted an exit meeting with each 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, and SkillSource, as of the date of testing. Following this summary is a report for each sub-recipient's testing results. Amounts in the table have been rounded to the nearest dollar. Where noted in the details, certain sub-recipients may be subjected to a second round of monitoring once remaining funds are expended.

	ACTS	AlphaBEST	CAFB	The Alliance	PWCS	PWCSA	SkillSource	Town of Haymarket	Town of Occoquan	Town of Quantico
CRF Funding Received	\$100,000	\$2,000,000	\$500,000	\$3,000,000	\$28,240,000	\$1,372,697	\$739,739	\$295,452	\$188,760	\$90,276
CRF Funding Expended	\$100,000	\$1,944,150	\$500,000	\$3,000,000	\$27,997,324	\$1,372,697	\$584,449	\$226,638	\$148,860	\$11,606
Exceptions Noted During Testing ⁵	\$ -	\$ -	\$ -	\$ -	\$40	\$ -	\$ -	\$ -	\$8,777	\$8,060
CRF Funds Remaining - As of Date of Testing	\$ -	\$55,850	\$ -	\$ -	\$242,716	\$ -	\$ - Note 4	\$68,814	\$48,677	\$86,730
CRF Funds Remaining - As of June 30, 2021 ⁶	\$ -	\$ -	\$ -	\$ -	\$218,865	\$ -	\$ -	\$68,814	\$25,937	\$53,768
Purchases Procured in Compliance with Federal Regulations? ⁷	N/A	N/A	Note 1	Note 1	✓	N/A	N/A	Note 1	Note 1	Note 1
Interest Income Earned on CRF Funds? ⁸	Note 2	Note 3	Note 4	Note 2	N/A - Recorded Under the County's General Fund	Note 3	N/A	Note 2	✓	Note 2
Plan to Have a Single Audit in FY 2021? ⁹	✓	✓	✓	✓	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	N/A - Single Audit Criteria Not Met

⁵ 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. All remaining funds should be monitored to ensure expenses are incurred prior to December 31, 2021, to prevent remittance of funds back to the County.

⁶ Amounts based on inquiry. Funds spent between the date of testing and June 30, 2021 were not audited.

⁷ 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.

⁸ 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."

⁹ 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 – CONTINUED

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.

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.

Note 4 – Please refer to the sub-recipient’s results page for more information.

Monitoring procedures for the Town of Dumfries are ongoing as of the date of this report; they have been excluded from the table above and the details that follow. The report on the Town of Dumfries will be included as part of the additional sub-recipient monitoring procedures to be conducted prior to December 31, 2021.

CONFIDENTIAL & DRAFT Do Not Copy or Release without PSIA Consent



DETAILED RESULTS - ACTION IN COMMUNITY THROUGH SERVICE (“ACTS”)

Background: Action in Community Through Service of Prince William, Inc. is a private, nonprofit 501(c)(3) organization serving the residents of the Greater Prince William Area, which includes the Cities of Manassas and Manassas Park. The mission of ACTS is to alleviate hunger, homelessness and interpersonal violence in order to help individuals achieve self-sufficiency. Services provided include preventing and alleviating human suffering by providing basic human needs of food and shelter; comprehensive domestic violence prevention and intervention programs, as well as a helpline to provide anonymous telephone services as well as resource referrals.

ACTS was awarded CRF funding on behalf of the County on July 30, 2020.

Funding Received: \$100,000, in advanced allotments

Funding Expended: \$100,000 as of December 30, 2020

Funds Remaining as of June 30, 2021: \$0.00

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

Walk-through Date: April 1, 2021

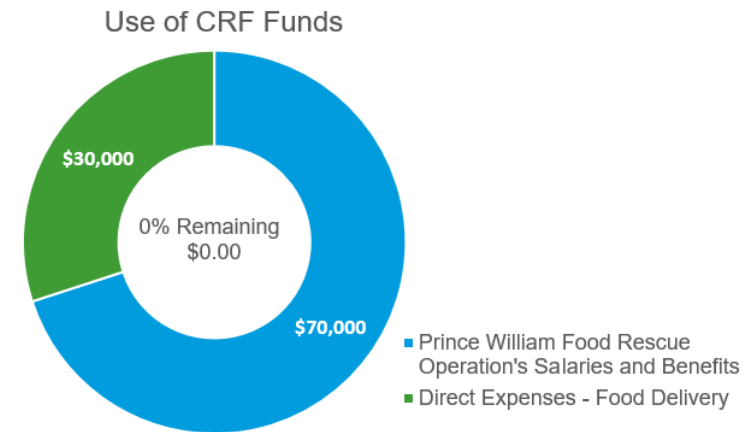
Overview of How Funds Were Used:

\$70,000 – Prince William Food Rescue Operations’ salaries and benefits, including a portion of the Program Director's salary as 100% of his time was spent leading the Community Feeding Taskforce to include administrative operations, strategic planning, coordinating deliveries, implementing a food helpline and GIS Food Map, warehouse operations, food procurement, and managing volunteers. The Community Feeding Taskforce, comprised of ACTS, Prince William County, Prince William County Community Foundation, as well as the Cities of Manassas and Manassas Park, was established to create a scalable, flexible, long-term feeding operation to ensure Prince William County residents in need of food assistance received aid during the pandemic. Even though the Program Director’s salary was a previously budgeted expense, there is an exception to that requirement if the cost is for a substantially different use from the expected use of funds. This exception specifically allows for payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID–19 public health emergency.

\$30,000 – Towards food delivery expenses, such as: truck rental and fuel; driver expenses; boxes for food assembly; and purchasing fresh produce for distribution in the fight against hunger.

Grant Application & Allocation Process: N/A

Scope of Testing: In addition to the walk-through held on April 1, 2021, two (2) of the twelve (12) personnel costs were examined, representing approximately 82% of the \$70,000 in salaries and benefits allocated to CRF funds. Additionally, four (4) of the nine (9) food delivery expenses were examined, representing approximately 58% of the \$30,000.





DETAILED RESULTS - ACTION IN COMMUNITY THROUGH SERVICE – CONTINUED

Observations:

Observation 1: Noted one employee received a \$7,403.56 bonus for the pay period ending November 14, 2020. After inquiry, ACTS stated the bonus was awarded due to the employee filling multiple roles and taking on additional responsibilities. 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), "*Payroll includes certain hazard pay and overtime, but not workforce bonuses... Hazard pay may be covered using payments from the Fund if it is provided for performing hazardous duty or work involving physical hardship that in each case is related to COVID-19.*" As a result, ACTS removed this cost from their CRF funds and was able to replace the \$7,403.56 with additional labor costs incurred by human services employees in response to COVID-19. Therefore, all observations were addressed and no CRF funds remain as of June 30, 2021. See also above related to the substantially dedicated COVID-19 services.

CONFIDENTIAL & DRAFT Do Not Copy or Release without Written Consent



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 all 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: \$2,000,000

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

Funds Remaining as of June 30, 2021: \$0.00

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

Walk-through Date: May 5, 2021

Overview of How Funds Were Used: 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:

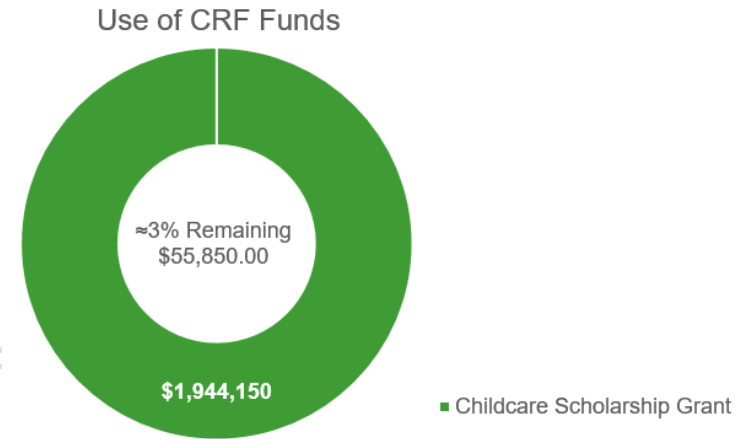
- 1) \$150 per student per week
- 2) \$300 per student per week for special needs students
- 3) \$43 one-time per student registration fee

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

Scope of Testing: 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.

Observations:

No observations noted. Additional sub-recipient monitoring procedures will be conducted on the remaining CRF funds prior to December 31, 2021.





DETAILED RESULTS - CAPITAL AREA FOOD BANK (“CAFB”)

Background: Capital Area Food Bank is a non-profit 501(c)(3) organization serving communities across Virginia, D.C., and Maryland. CAFB strives to provide equitable access to food and opportunity to people struggling with hunger and food insecurity. The mission of CAFB is to help their neighbors by creating more equitable access to food and opportunity through community partnerships. CAFB works with partners across the food system, from food distributors and retailers to restaurants, farms, and individuals to gather donations and in turn provide food to individuals through Nonprofit Food Assistance Partners or through Direct Distribution Programs. CAFB, along with their nonprofit partners, provide more than 45 million meals per year.

CAFB was awarded CRF funding on behalf of the County on October 14, 2020.

Funding Received: \$500,000, in advanced allotments

Funding Expended: \$500,000, as of December 30, 2020

Funds Remaining as of June 30, 2021: \$0.00

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

Walk-through Date: April 1, 2021

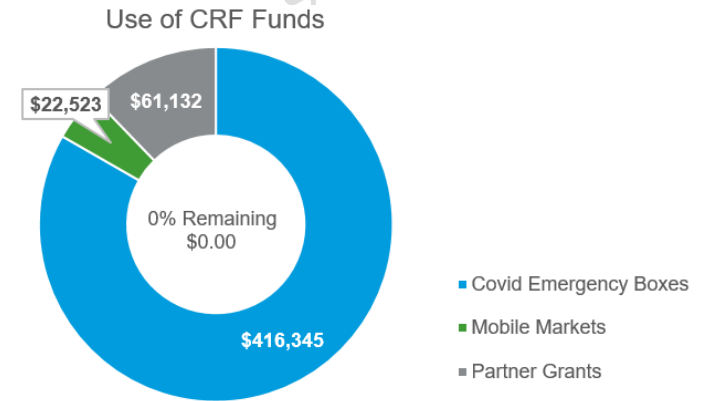
Overview of How Funds Were Used: CAFB utilized the CRF funding awarded in three (3) primary ways:

- 1) COVID Emergency Boxes – A majority of funding, over \$400,000, was spent on bulk food purchases. The purchased food was separated into individual boxes to be distributed amongst the community to address the increased demand for food assistance due to COVID-19, during a time in which food donations decreased and the food acquisition prices increased.
- 2) Partner Grants – Provided funding to Partner accounts on a credit basis, so Partners could purchase food through contracts CAFB had in place. No cash was exchanged, CAFB retained control and oversight into the grant spending. See below for additional details.
- 3) Mobile Markets – Funding supported food purchases for sixteen (16) mobile markets. Mobile markets were COVID-19 specific temporary locations set up for the sole purpose of outdoor food distribution to the local community.

Grant Application & Allocation Process: Capital Area Food Bank held two (2) rounds of the partner grant program. A total of approximately fifteen (15) partners were awarded money based on need, if there had been prior contact requesting financial assistance, previous order history, and if the partners had the appropriate capacity to handle the funds.

For the first round of grants, allocation of funding was based on a combination of size, who had reached out for financial assistance, and looking back at previous orders. The amounts awarded for the first round of grants ranged from \$3,800 - \$5,000. For the second round of grants, agencies had contacted CAFB asking for assistance.

As a result, a survey was set up to gather basic information to help determine COVID-19 need. A scoring rubric was utilized to aid in the determination of which agencies would receive an award. Per discussions held during the walk-through, all eligible organizations that applied received grants.





DETAILED RESULTS - CAPITAL AREA FOOD BANK – CONTINUED

Scope of Testing: In addition to the walk-through held on April 1, 2021, four (4) of the twenty-four (24) partner grants were examined, representing approximately 22% of the \$61,132.32 in partner grants allocated to CRF funds. Reviewed sales orders from each partner agency, evidence of CRF awards being credited to partner accounts, as well as correspondence notifying each recipient of their award and eligible uses. Two (2) of the sixteen (16) mobile market expenses were examined, representing approximately 32% of the \$22,523.00 allocated to CRF funds. For COVID Emergency Boxes, we reviewed three (3) of the twenty-eight (28) boxes, representing 20% of the \$416,344.68 of COVID boxes allocated to CRF funds. Reviewed sales orders referencing the quantity of boxes 'sold', the recipient of the boxes, as well as evidence of the underlying invoices, POs, and checks making up the cost per COVID box to determine reasonableness.

Observations:

No observations noted, however there was one (1) process improvement recommendation noted as a result of the internal audit:

Recommendation 1: During the walk-through held on April 1, 2021, the sub-recipient noted a portion of CRF funds were deposited into an operations account, and a portion went to a money market account, and that any interest income resulting would likely be hard to distinguish. 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 "*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. If a government deposits Fund payments in a government's general account, it may use those funds to meet immediate cash management needs provided that the full amount of the payment is used to cover necessary expenditures.*" Given CAFB has spent in excess of the \$500,000.00 received responding to COVID-19 and would likely cover any potential interest earnings, this is not noted as an exception. However, going forward, interest income should be tracked separately and spent according to U.S. Treasury guidelines.

CONFIDENTIAL & DRAFT Do Not Copy or Distribute Without Consent



DETAILED RESULTS - THE HUMAN SERVICES ALLIANCE OF GREATER PRINCE WILLIAM (“ALLIANCE”)

Background: The Human Services Alliance of Greater Prince William is a 501(c)(3) nonprofit association of traditional and non-traditional human services providers that aid the residents of Prince William County and the Cities of Manassas and Manassas Park. The mission of the Alliance is to be the catalyst for greater partnerships and collaboration among its network of human services organizations, the faith community, other community organizations, and interested citizens to enhance the lives of the people they support.

The Alliance was awarded four (4) allocations of CRF funding between July 2020 and November 2020.

Funding Received: \$3,000,000, in advanced allotments

Funding Expended: \$3,000,000, as of December 30, 2020

Funds Remaining as of June 30, 2021: \$0.00

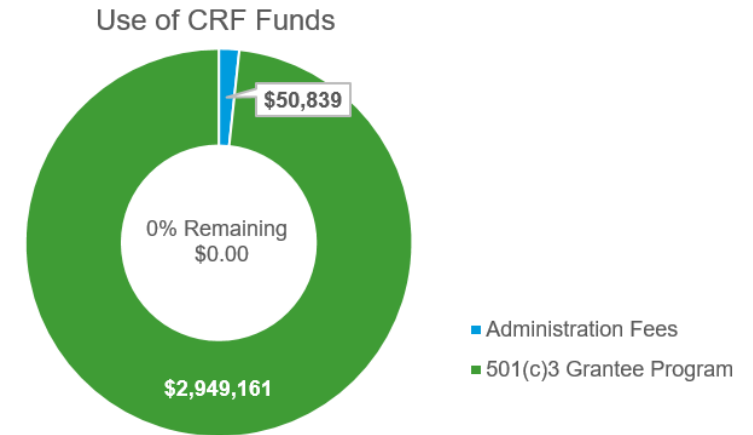
CRF Certification Specified Use of Funds: General COVID-19 response, “Other Financial Assistance”

Walk-through Date: April 2, 2021

Overview of How Funds Were Used: A total of \$2,949,161 was distributed to twenty-six (26) 501(c)(3) nonprofit organizations serving Prince William County residents to support the following measures in response to COVID-19 relief: housing assistance; utility assistance; access to healthcare appointments and medication; employment assistance; childcare costs and other critical unmet human needs. The remaining \$50,839 was utilized to assist in the administration and management of the CRF funds.

Grant Application & Allocation Process: The Alliance initiated a grant application process by issuing a request for proposal for 501(c)(3) organizations negatively impacted by COVID-19. Within the solicitation, the Alliance requested information such as: Funding requested (between \$50,000 and \$150,000); what services would be provided with the grant in response to COVID-19; target population; etc. Additionally, the request for proposal solicitation specified monthly reporting was required and must include information such as: numbers of individuals served; the population that benefitted from each project; how services were delivered; how a project was promoted to the intended audience; as well as any other notable outcomes. In response, forty-eight (48) applicants submitted proposals for projects ranging from rental assistance to non-eligible activities. A grant review committee was responsible for ranking the proposals. Initially, twelve (12) organizations were awarded grants ranging from \$50,000 to \$150,000. When the Alliance was awarded an additional \$2,000,000 of CRF funds by the County, the Alliance went back to the initial ranking list and awarded funds to an additional fourteen (14) organizations. The Alliance regularly monitored sub-sub-recipient spending, and as a result, would re-allocate funding between organizations based on spending habits where necessary. During the walk-through, the Alliance confirmed the grants awarded to the 501(c)(3) organizations were to directly benefit Prince William County residents.

Scope of Testing: In addition to the walk-through held on April 2, 2021, three (3) of the twenty-six (26) sub-sub-recipients were reviewed, representing approximately 39% of the \$2,949,161 grantee payments allocated to CRF funds. The review was limited to gaining an understanding of the grant application and allocation process as a whole, and for our sample, confirming payment support between the Alliance and sub-sub-recipient; determining whether an agreement existed between the Alliance and the sub-sub-recipient specifying the eligible uses of the CRF funds; and whether the Alliance performed monitoring of the sub-sub-recipients. Additionally, we examined twenty-four (24) of the ninety-six (96) administrative expenses, representing approximately 93% of the \$50,839.





DETAILED RESULTS - THE HUMAN SERVICES ALLIANCE OF GREATER PRINCE WILLIAM – CONTINUED

Observations:

Observation 1: Noted a contractor received a \$250.00 year-end bonus in December 2020. 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), "*Payroll includes certain hazard pay and overtime, but not workforce bonuses... Hazard pay may be covered using payments from the Fund if it is provided for performing hazardous duty or work involving physical hardship that in each case is related to COVID-19.*"

Observation 2: A \$397.50 expenditure was noted as a "*token of appreciation (holiday ornaments) thanking community grant partners for their efforts*". This cost was removed as it did not appear to be a necessary expenditure incurred due to the public health emergency created by COVID-19.

As a result, the Alliance removed these costs and was able to replace the \$647.50 with additional eligible administrative costs incurred in response to COVID-19. Therefore, the items questioned were reasonably addressed. There are no funds remaining as of June 30, 2021.

CONFIDENTIAL & DRAFT Do Not Copy or Release Without Review/Consent



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 school¹⁰. The mission of PWCS is to provide a world class education.

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

Funding Expended: \$27,997,284.31¹¹ as of March 26, 2021

Funds Remaining as of June 30, 2021: \$218,865.07

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

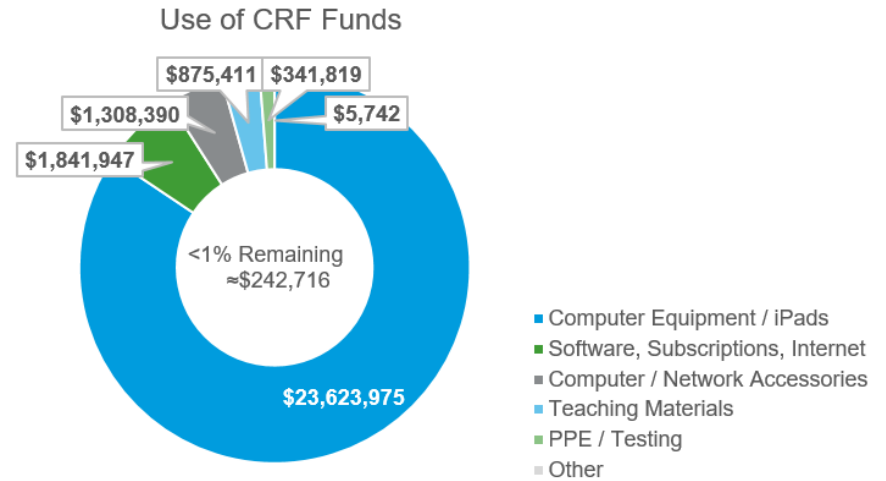
Overview of How Funds Were Used: A large majority of the CRF funds received were spent on computer equipment, iPads, computer accessories, and subscriptions to support distance learning among PWCS students, faculty and administration. Approximately 80,000 laptops and devices were purchased to support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

Grant Application & Allocation Process: N/A

Scope of Testing: 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.

Observations:

Observation 1: Noted one invoice was recorded as \$2,995.60, when the supporting invoice was \$2,955.60, an immaterial difference of \$40.00. This difference increases the CRF funds remaining as of March 26, 2021 to \$242,715.69. Additional sub-recipient monitoring procedures will be conducted on the remaining CRF funds prior to December 31, 2021.



¹⁰ Enrollment total is as of September 30, 2020, per the PWCS website.

¹¹ Funds expended as of March 26, 2021, is depicted in the pie chart and excludes the \$40.00 adjustment noted under Observation 1. Values categorized to each category are approximate. Per discussion with PWCS, the remaining \$242,716 is to be spent on audio visual equipment to support distance learning.



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: \$1,372,697.26

Funding Expended: \$1,372,697.26

Funds Remaining as of June 30, 2021: \$0.00

Walk-through Date: May 7, 2021

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

Overview of How Funds Were Used: 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).

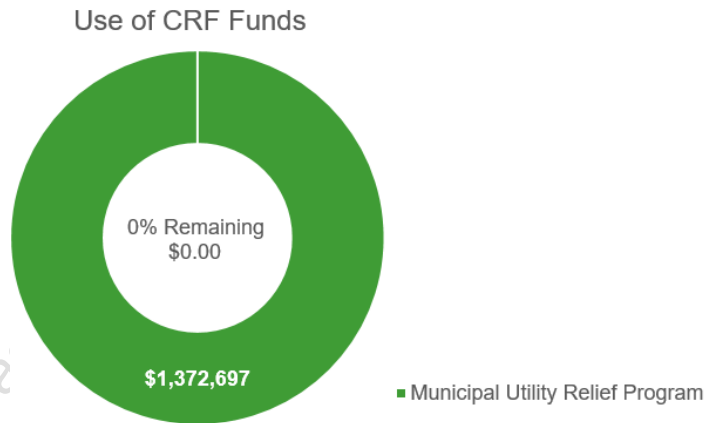
Customers could apply for funding through the PWCSA website, or over the phone. PWCSA reviewed applications and determined if the customer was eligible for funding, based on a self-certification that the customer had been negatively impacted by the COVID-19 pandemic, and that their customer account had 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.

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

Scope of Testing: 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. Confirmed 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:

No observations noted, however, an additional \$124,470.39 beyond the initial \$1,372,687.29 award was allocated to PWCSA in May 2021, after conducting our walk-throughs. As a result, additional monitoring procedures will be performed on the remaining CRF funds prior to December 31, 2021. PWCSA stated the additional \$124,470.39 was expended prior to June 30, 2021.





DETAILED RESULTS - THE SKILLSOURCE GROUP, INC. (“SKILLSOURCE”)

Background: The SkillSource Group, Inc. is a non-profit 501(c)(3) corporation that funds and oversees a range of free workforce and training initiatives on behalf of all employers, job seekers, and workers throughout Fairfax County, Loudoun County and Prince William County. SkillSource is a separate nonprofit entity of the Virginia Career Works – Northern with its own Board of Directors. SkillSource was not a direct sub-recipient of CRF funds from the County. Instead, the County contracted with SkillSource as part of a Workforce Reskilling and Transition grant funded with CRF funds.

Funding Received: \$739,739

Funding Expended: \$584,448.82 as of December 2020

Funds Remaining as of June 30, 2021: \$0.00 – The Agreement ended on December 30, 2020, and there was not an extension of services. Per inquiry with the County, the remaining funds were re-allocated to another economic development program.

Walk-through Date: May 5, 2021

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

Overview of How Funds Were Used: The program focused on assisting furloughed, unemployed, and underemployed residents of Prince William County with training, employment, and other supportive services, as well as helping employers to retain and hire qualified workers, in the wake of the COVID-19 pandemic. SkillSource worked with numerous Prince William County job seekers as well as employers to provide incumbent worker training, occupational training, and provide virtual hiring events to help fill vacancies and employ individuals. In order to be eligible for the program, employees and employers had to work within Prince William County and fill out an application specifying how they had been negatively impacted by COVID-19. Residency within the County was not required.

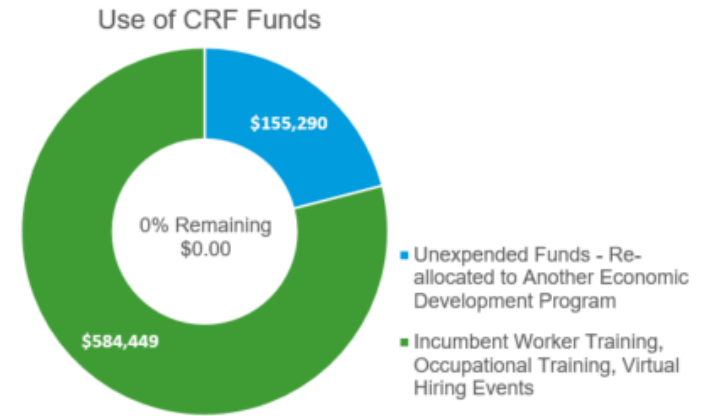
Grant Application & Allocation Process: N/A

Scope of Testing: In addition to the walk-through held on May 5, 2021, examined the final invoice from SkillSource to the County, as well as the associated payment support.

Observations:

No observations noted, however, there were two (2) process improvement recommendations that were noted as a result of the internal audit:

Recommendation 1: Noted that no formal review process occurred by the County after the receipt and prior to payment of an invoice. Invoices were approved by the appropriate personnel, however a there was no formal review to verify that the work invoiced by SkillSource was actually performed. A report was provided by SkillSource to the County, which detailed the work that had been performed and what was invoiced. Per discussion with County personnel, the approval process did not involve any reconciliation of the report to the contract rates. It is recommended that invoices should be reviewed against contracts to verify that the amount being invoiced are complete and accurate.





DETAILED RESULTS - THE SKILLSOURCE GROUP, INC. – CONTINUED

Recommendation 2: We noted that no formal Master Service Agreement was entered into between Prince William County and SkillSource. Instead, Prince William County used a pre-existing contract between Fairfax County and SkillSource as the Agreement. The Fairfax County contract number #4400009918 is referenced on the Purchase Order issued by Prince William County, but no formal agreement exists to establish Prince William County's agreement with SkillSource. Per discussion with the County, emails were exchanged between the Department of Economic Development, the Finance Department's Procurement Services Division staff and the SkillSource group in which Prince William County was given permission to utilize the Fairfax County SkillSource contract, but no formal agreement was ever ratified. In non-emergency situations, federal regulations allows for 'piggyback' agreements when proper due diligence is performed. This includes verifying that the underlying agreement was properly competed and solicited, and also requires the contracting parties to enter into their own agreement, stipulating the same terms, conditions and rates as the underlying agreement. Given that the Agreement took place during a declared State of Emergency, it is reasonable to have exigent and/ or emergent purchases per 2 CFR 200.320(f)(2). It is recommended that Prince William County enter into a formal agreement for similar situations moving forward.

CONFIDENTIAL & DRAFT Do Not Copy or Release without Consent



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. Awarded two payments of \$147,726 in May and September 2020

Funding Expended: \$226,638.28, as of March 29, 2021

Funds Remaining as of June 30, 2021: \$68,813.72

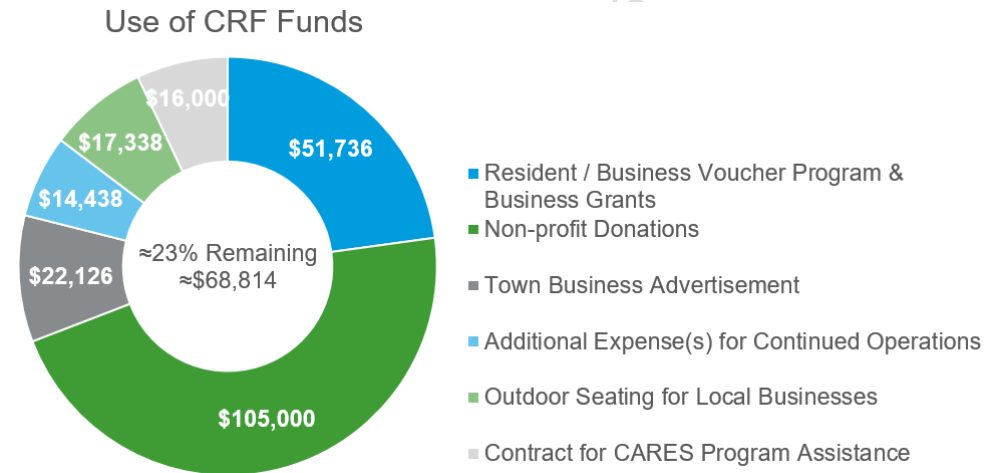
CRF Certification Specified Use of Funds: General COVID-19 response, "Other Financial Assistance"

Walk-through Date: March 31, 2021

Overview of How Funds Were Used: 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.

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 in aid to 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.
- 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.
- 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.





DETAILED RESULTS - THE TOWN OF HAYMARKET – CONTINUED

Scope of Testing: 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-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.

Observations:

No observations noted. Additional sub-recipient monitoring procedures will be conducted on the remaining CRF funds prior to December 31, 2021.

CONFIDENTIAL & DRAFT Do Not Copy or Release without Written Consent



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: \$140,083.08¹² as of March 29, 2021

Funds Remaining as of June 30, 2021: \$25,937.26

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

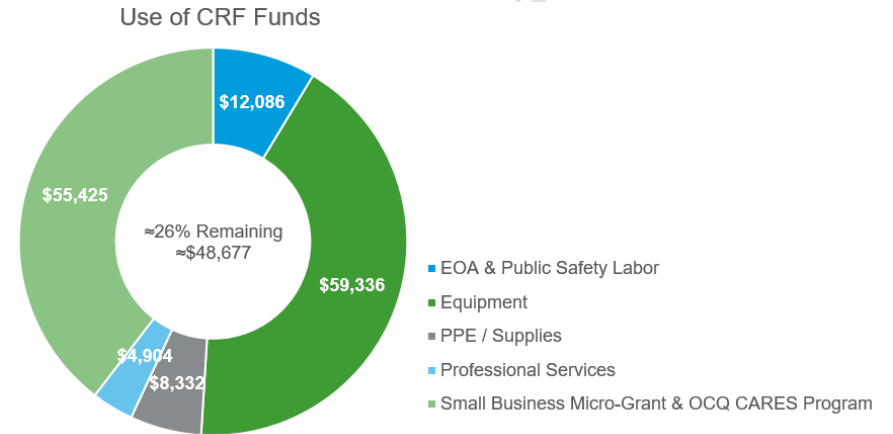
Walk-through Date: April 6, 2021

Overview of How Funds Were Used: 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, \$48,676.92 had not been expended.

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.

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. 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 equaling \$25,425).

Scope of Testing: In addition to the walk-through held on April 6, 2021, seventeen (17) out of 135 purchases were examined, representing approximately 65% of the \$77,878.27 spent on supplies and services. For labor, ten (10) of the twenty-seven (27) payroll entries were examined, representing approximately 55% of the \$15,557.25 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.



¹² Funds expended as of March 29, 2021, is depicted in the pie chart and excludes the \$8,777.44 of adjustments noted under 'Observations'.



DETAILED RESULTS - THE TOWN OF OCCOQUAN – CONTINUED

Observations:

Observation 1: Noted two (2) purchases totaling \$280.44 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 \$5,026.00 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 (\$3,471.00). 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. The Town is currently in the process of reclassifying the expenditures. Adjustments will be examined as part of the additional sub-recipient monitoring procedures to be conducted prior to December 31, 2021.

After adjusting the CRF fund balance for the observations noted above, a total of \$48,676.92 of CRF funds remain as of March 29, 2021, to be used on eligible expenditures. Additional sub-recipient monitoring procedures will be conducted on the remaining CRF funds prior to December 31, 2021.

CONFIDENTIAL & DRAFT Do Not Copy or Release Without Written Consent



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: \$3,545.55¹³ as of April 19, 2021

Funds Remaining as of June 30, 2021: \$53,767.95

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

Walk-through Date: April 6, 2021

Overview of How Funds Were Used: CRF expenditures 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.

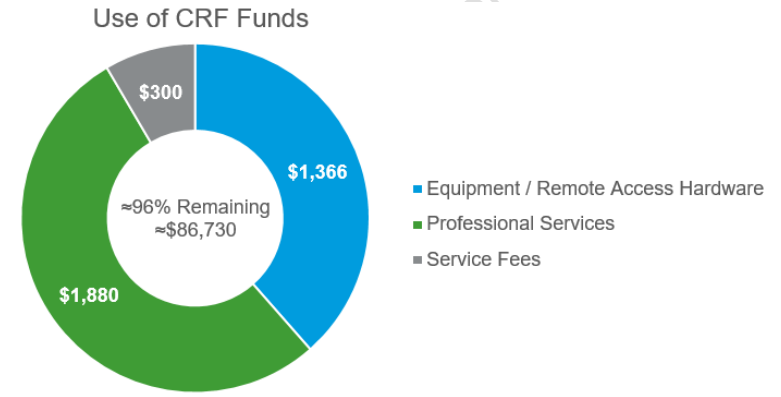
Grant Application & Allocation Process: N/A – no sub-grant program was used.

Scope of Testing: In addition to the walk-through held on April 6, 2021, examined five (5) of the eight (8) expenditures allocated to CRF funds, representing approximately 80% of the \$11,595.55 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 \$86,730.45 of CRF funds remaining as of the date of testing.

Observations:

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 (\$2,300.00) 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.



¹³ Funds expended as of April 19, 2021 is depicted in the pie chart and excludes the \$8,060.00 of adjustments noted under 'Observations'.



DETAILED RESULTS - THE TOWN OF QUANTICO – CONTINUED

After adjusting the CRF fund balance for the observations noted above, the Town of Quantico has \$86,730.45 of CRF funds remaining as of the date of testing. Additional sub-recipient monitoring procedures will be conducted on the remaining CRF funds prior to December 31, 2021.

CONFIDENTIAL & DRAFT Do Not Copy or Release without RSM Consent



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.

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:	\$		
Sub-recipient Primary Contact Information (Name, email, phone)			
Date of Review:		Review Performed By:	

<i>GENERAL MONITORING</i>	
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 March 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? 	



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

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.



RSM US LLP
1861 International Drive
Suite 400
McLean, VA 22102
321.751.6200

www.rsmus.com

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party.

For more information, visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

© 2020 RSM US LLP. All Rights Reserved.