



PRINCE WILLIAM COUNTY

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

August 20, 2024





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TRANSMITTAL LETTER

August 20, 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. We will be presenting this interim report to the Board Audit Committee of Prince William County at the next scheduled meeting on September 17, 2024.

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.
Detailed 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.
Appendix: Subrecipient Detail	This section contains additional details related to the subrecipients reviewed to include: subrecipient background, the ARPA SLFRF Certification Specified Use of Funds, as well as an overview of how funds have been utilized from agreement execution through December 31, 2023.

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

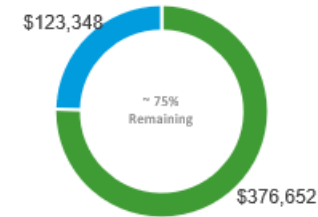
County ARPA Funding Background and RSM Scope

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 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. Please note that calendar year 2022 expenditures were reviewed, and the resulting reports were issued on June 26, 2023 and December 20, 2023.

Cumulative Subrecipient Spending Status

CASA



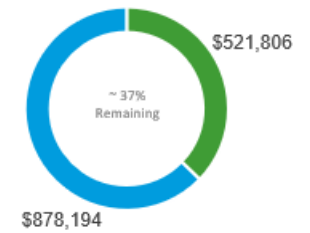
PWCSA



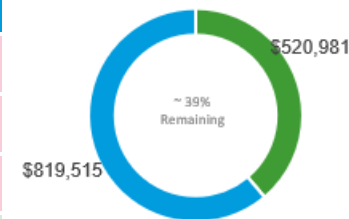
Capital Area Food Bank



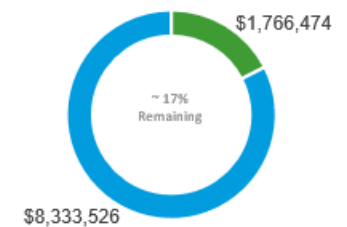
SkillSource



NoVA Food Rescue



The Alliance



■ ARPA Funds Remaining ■ ARPA Funds Expended (CY22, CY23)*

Subrecipient Monitoring Status by Year

Subrecipient Monitored	CY23 Status	Observations Noted?
CASA	Complete	Yes
Capital Area Food Bank (“CAFB”) ¹	Complete	Yes
Northern Virginia Food Rescue (“NoVA Food Rescue”)	Complete	Yes
Prince William County Service Authority (“PWCSA”) ²	Complete	No
SkillSource Group, Inc. (“SkillSource”)	Complete	Yes
The Human Services Alliance of Greater Prince William (“The Alliance”)	In Progress	Yes

¹ 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.

² All ARPA expenditures have been expended as of June 30, 2023. As such, PWCSA will no longer be included in the next monitoring report.

DETAILED RESULTS

Below is a summary of the funding status for each of the in-scope subrecipients as of December 31, 2023. 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.	Costs including temporary rent and project management, and costs related to the construction a new food warehouse.	To support the administrative costs of operating the feeding task force food warehouse and renting 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 unequal impacts of the pandemic.	Grants for ARPA Wellbeing Programs and the administration of such programs.
1/1/23 – 6/30/23 Review Status	Complete	N/A ¹	Complete	Complete	Complete	Complete
7/1/23 – 12/31/23 Review Status	Complete	Complete	Complete	N/A ²	Complete	In Progress
Total Award³	\$500,000	\$1,500,000	\$1,340,496 ⁴	\$1,518,655	\$1,400,000	\$10,100,000 ⁵
CY 2022 Expenditures⁶	\$35,815	\$0	\$441,601	\$1,483,020	\$266,985	\$2,552,282
CY 2023 Expenditures	\$164,777	\$141,719	\$439,751	\$35,635	\$616,659	\$5,814,338
CY 2023 Observations⁷	\$77,244	\$141,719	\$61,837	\$0	\$5,450	\$33,094 ⁸
Funds Remaining⁹	\$376,652	\$1,500,000	\$520,981	\$0	\$521,806	\$1,766,474 ¹⁰

³ 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 and NoVA Food Rescue received an additional \$190,000 for food distribution and related administrative costs.

⁴ 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. A new subrecipient certification was executed in relation to these funds.

⁵ The Alliance was awarded an additional \$100,000, as of July 9, 2024. This increased their total award to \$10,100,000. The initial allocated amount was \$10,000,000.

⁶ Excludes observations.

⁷ Consistent with our executed Statement of Work, observations noted are the result of sampled based testing, aside from CASA which received a 100% review. Therefore, additional observations may exist outside of the sampled amounts.

⁸ Indicates testing is in progress and amounts may change as testing continues. Amounts reported are as of August 13, 2024.

⁹ Funds Remaining is calculated by subtracting CY22 and CY23 expenditures from the total award, and adding back the CY23 Observations, as those ineligible expenditures must be reallocated to another source of funding.

¹⁰ Indicates funds remaining may be impacted by testing in progress.

DETAILED RESULTS (CONTINUED)

Below contains a testing status update as of August 13, 2024, for each of the in-scope subrecipients.

Subrecipient	CASA
Period	January 1, 2023 – March 31, 2023
Status	Complete
	<p>CASA has a total of \$49,442 of observations out of the \$118,051 requested for reimbursement, 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 for reimbursement, 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	Complete
	<p>Due to the results of the Q1 and Q2 FY 2023 monitoring (see above) and 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 sections 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>CASA submitted two (2) invoices, totaling \$14,027, for July 1, 2023, through December 31, 2023. There were no observations noted as part of our review for this period.</p>

DETAILED RESULTS (CONTINUED)

Subrecipient	Capital Area Food Bank
Period	July 1, 2023 – December 31, 2023
Status	Complete
	<p>CAFB has a total of \$141,719 of observations out of the \$141,719 requested for reimbursement, 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>In response to the above observation, CAFB prepared a memo to formally state their position, and why they believe the contract qualified as a sole source purchase under 2 CFR 200.320(c)(2). Their position was the contract qualified as sole source, as by the time they received the County’s ARPA funding in September 2023, their general contractor had been providing preconstruction services for seventeen (17) months and had released trades with long lead materials for fabrication. The memo states, “<i>Given the status of the Davis contract and Davis’s subcontracts, the amount of material in fabrication, and the need to start construction in May 2023, the project would have been considerably delayed and CAFB would have suffered significant financial loss had the project been paused to complete another competitive process and even more so if a new general contractor had been awarded the job.</i>”</p> <p>RSM reviewed such memo, and noted that CAFB, as the non-federal entity, is responsible for using the ARPA funding in an allowable manner that is compliant with both Federal regulations as well as the County’s ARPA agreement. This includes procuring contractors in compliance with Uniform Guidance Procurement Standards. The utilization of pre-existing contracts is allowable; however, such contracts must have been procured in compliance with Uniform Guidance Procurement Standards at the time of the initial procurement for such contract. As CAFB procured their general contractor for the entirety of their project scope in April 2022, the procurement from that date would be subject to Uniform Guidance Procurement Standards. As such, our observation on the procurement process remains, as the original selection of Davis as the general contractor was not competitively bid in accordance with the federal requirement.</p> <p>As of the date of this report, the County and CAFB are discussing the status of their funding agreement and how the funds may be utilized going forward.</p>

DETAILED RESULTS (CONTINUED)

Subrecipient	NoVA Food Rescue
Period	January 1, 2023 – June 30, 2023
Status	Complete
	<p>NoVA Food Rescue has a total of \$27,086 of observations out of the \$224,710 of reported expenditures to cover advanced funds, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – NoVA Food Rescue 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. Amounts re-classified may be used on alternative eligible expenditures.</p>
Period	July 1, 2023 – December 31, 2023
Status	Complete
	<p>NoVA Food Rescue has a total of \$34,751 of observations out of the \$215,041 of reported expenditures to cover advanced funds, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – NoVA Food Rescue was unable to provide documentation to evidence that procurement methods were in compliance with 2 CFR 200.320. This impacted the five (5) vendors reported under January 1, 2023 – June 30, 2023, as well as three (3) additional vendors, totaling \$33,929. b. Ineligible cost (labor) – A payment of \$822 for an employee’s paid time off was determined to be unallowable, as the time was not spent in response to COVID-19. <p>NoVA Food Rescue provided the adjusting journal entry for the \$34,751 of observations to evidence those funds were re-classified from ARPA funding. Amounts re-classified may be used on alternative eligible expenditures.</p>

DETAILED RESULTS (CONTINUED)

Subrecipient	Prince William County Service Authority
Period	January 1, 2023 – June 30, 2023
Status	Complete
	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. PWSCA will not be included in future monitoring but will be included on any program summary funding tables or reporting for the County as a whole.

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	Complete
	<p>SkillSource has a total of \$5,450 of observations out of the \$412,101 requested for reimbursement, detailed below:</p> <ul style="list-style-type: none"> a. Procurement – SkillSource was unable to provide documentation to evidence that procurement methods were in compliance with 2 CFR 200.320. This impacted one (1) vendor, totaling \$5,450. <p>As of the date of this report, we are pending the adjusting journal entry to confirm these funds have been re-classified from ARPA funding. Amounts re-classified may be used on alternative eligible expenditures.</p>

DETAILED RESULTS (CONTINUED)

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 \$12,881 of observations out of the \$4,494,578 of reported expenditures to cover advanced funds during the period, 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 \$12,881. <p>The Alliance provided the adjusting journal entry for the \$12,881 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, for the period of July 1, 2023, through December 31, 2023, we have identified \$20,213 of observations related to the five (5) vendors included within the procurement observation summarized above for January 1, 2023, through June 30, 2023. Additional observations may arise upon the completion of phase two (2) testing.</p> <p>The Alliance provided the adjusting journal entry for the \$20,213 of procurement observations to evidence those funds were re-classified from ARPA funding. Amounts re-classified may be used on alternative eligible expenditures.</p>

APPENDIX: SUBRECIPIENT DETAIL

CASA:

Background

CASA is an organization focused on supporting immigrant families and ensuring that all individuals served have the core support necessary for full participation in society. The organization provides critical services to immigrant and working-class families and advocates for their rights. CASA creates change through human services, community organizing, and advocacy in order to serve the full spectrum of the needs, dreams, and aspirations of members.

Funding Awarded: \$500,000¹¹ reimbursement basis.

ARPA SLFRF Certification Specified Use of Funds

Training lab construction and programming start-up costs.

Overview of How Funds Were Used

Funds were applied to capital expenditures related to a training lab within the Virginia Welcome Center building and program expenditures to support CASA operations. This training lab is intended to provide vocational training, employment assistance, and trade training to residents of Prince William County. Funds expended on programmatic and administrative costs were related to or in support of the welcome center. This included costs for architectural design work and capital construction expenses. Administrative expenses included cleaning services, communications, insurance, security systems, rent, equipment, supplies, etc.

Capital Area Food Bank:

Background

CAFB's mission is to help neighbors thrive by creating more equitable access to food and opportunity through community partnerships. To that end, CAFB partners with more than 400 nonprofit organizations to provide more than 50 million meals to almost half a million area residents, every year. They source and distribute food and work to address the root causes of hunger through multiple education programs and innovative service delivery partnerships.

Funding Awarded: \$1,500,000 reimbursement basis.

ARPA SLFRF Certification Specified Use of Funds

Construction of a new food warehouse space in Lorton, VA. ARPA funding may be utilized to support the architectural work, engineering work, project management, inspection fees, environmental assessments, etc. required to build. Costs may also be used for temporary rent, telecommunications, furniture, signage, and branding.

Overview of How Funds Were Used

Funds were applied to capital expenditures related to the construction of the new warehouse. Specific expenditures were submitted for the subcontractor's roofing work from June 2023 through September 2023.

¹¹ On February 20, 2024, the Board Audit Committee approved resolution number 24-161, resulting in CASA's award being decreased from \$2,000,000 to \$500,000.

APPENDIX: SUBRECIPIENT DETAIL (CONTINUED)

Northern Virginia Food Rescue:

Background

NoVA Food Rescue is a non-profit organization that aims to address the disconnect between food insecurity and food waste by rescuing food before it is wasted and directly distributing it to Prince William County organizations that serve communities in need. Their goal is to keep healthy food out of the trash and into the hands of those who need it most.

Funding Awarded: \$1,340,496¹² advanced allotments.

ARPA SLFRF Certification Specified Use of Funds

To support the administrative costs of operating the feeding task force food warehouse and renting warehouse space.

Overview of How Funds Were Used

ARPA funds were used to cover the administrative costs of NoVA Food Rescue's response to food insecurity in ARPA-approved zip codes throughout the County. Expenditures included administrative costs of operating the feeding task force food warehouse, rental of the warehouse space, perishable food boxes, increased staffing to maintain warehouse operations, maintenance costs to repair food delivery vehicles, and transportation/food distribution to the sixty-two (62) eligible distribution sites within the County. Funds were also utilized to ensure the warehouse and vehicles used to deliver food across the County.

¹² On February 20, 2024, the Board Audit Committee approved resolution number 24-161, resulting in NoVA Food Rescue receiving an additional \$190,000 for food distribution and related administrative costs.

APPENDIX: SUBRECIPIENT DETAIL (CONTINUED)

Prince William County Service Authority:

Background

PWCSA was founded in 1983 to supply drinking water and water reclamation services to residences and businesses in the Washington metropolitan area. Its mission is dedicated to excellence in providing safe, reliable water services to its customers and returning clean water to the environment.

Funding Awarded: \$1,518,655 reimbursement basis.

ARPA SLFRF Certification Specified Use of Funds

Municipal Utility Relief.

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 past due on their utility bills and negatively impacted by COVID-19. The interim final rule FAQ, which was in effect until April 1, 2022, stated, "The interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only to demonstrate that the household or business is within the population or group that experienced a negative economic impact" (Interim Final Rule FAQ 2.17). As such, PWCSA was initially awarded \$1,483,020 in SLFRF for a COVID-19 ARPA SLFRF Municipal Utility Assistance Program and received supplemental funding of \$35,635 in calendar year 2023. This required PWCSA to perform a utility arrearage analysis to pre-qualify eligible residential utility customer accounts and apply relief automatically (i.e., no application for relief). PWCSA performed this analysis and, as a result, pre-qualified all customer accounts that were 60+ days past due as of August 31, 2021. Awards were pro-rated across all eligible accounts and were limited to the lesser of the customers current balance as of December 19, 2021 (date funds were applied) or the amount 60+ days past due as of August 31, 2021.

APPENDIX: SUBRECIPIENT DETAIL (CONTINUED)

SkillSource Group, Inc.:

Background

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.

Funding Awarded: \$1,400,000 reimbursement basis.

ARPA SLFRF Certification Specified Use of Funds

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 pandemic's unequal impacts.

Overview of How Funds Were Used

SkillSource's Elevate 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 retain and hire qualified workers in the wake of the COVID-19 pandemic. SkillSource worked with numerous Prince William County job seekers and employers to provide incumbent worker training, and occupational training, and provide career fairs to help fill vacancies and employ individuals. SkillSource also worked directly with employers to connect job seekers with employers. 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. Additional expenditures included bagged lunches for job fairs, advertising costs related to SkillSource's offerings, and training costs related to incumbent worker training.

The Human Services Alliance of Greater Prince William:

Background

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.

Funding Awarded: \$10,100,000 advanced allotments.

ARPA SLFRF Certification Specified Use of Funds

Grants for ARPA Wellbeing Programs and the administration of such programs.

Overview of How Funds Were Used

Funds were primarily used to support the facilitation of the Alliance's non-profit grant program, including administrative/labor costs to manage the program appropriately. Additional uses of ARPA funding included purchasing technology to support community outreach, data management, and effective internal and external communication. Other administrative costs include advertising and marketing, bank fees, accounting fees, legal and professional fees, contract fees, facility rent, and payroll expenses, among other costs necessary to support Alliance's mission.



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