

**CITY OF RICHMOND, VIRGINIA**  
**REPORT ON SINGLE AUDIT**  
**JUNE 30, 2022**



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**CITY OF RICHMOND, VIRGINIA  
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JUNE 30, 2022**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the City Council  
City of Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: Richmond School Board, Richmond Economic Development Authority, and Richmond Behavioral Health Authority, as described in our report on the City's financial statements. We also did not audit the financial statements of the Richmond Retirement System which was included in the aggregate remaining fund information, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Richmond Retirement System were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Members of the City Council  
City of Richmond, Virginia

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, and 2022-003 to be significant deficiencies.

### **Report on Compliance and Other Matters**

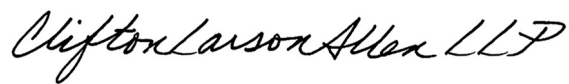
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Richmond's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
January 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Members of the City Council  
City of Richmond, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Richmond, Virginia's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Richmond School Board, Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Economic Development Authority, and Richmond Retirement System. These component units have been excluded from the accompanying schedule of expenditures of federal awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of Richmond School Board, Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Economic Development Authority and Richmond Retirement System because these component units engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations for Federal Awards*, where applicable.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

**Auditors' Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004, 2022-005 and 2022-006. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the

accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-006 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005 to be significant deficiencies.

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

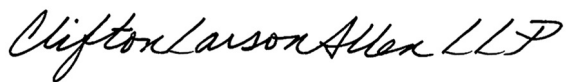
*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Honorable Members of the City Council  
City of Richmond, Virginia

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 30, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The City's financial statements include the operations of Richmond School Board, Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Economic Development Authority and Richmond Retirement Systems for the year ended June 30, 2022. The federal expenditures, where applicable, for Richmond School Board, Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Economic Development Authority and Richmond Retirement System are not included in the schedule of expenditures of federal awards. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
March 20, 2023



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>				
<b>Passed Through Mercy Hurst University</b> High Intensity Drug Trafficking Agency	07.999	2021TXRICHMOND	\$ -	\$ 167,793
<b>Passed Through Cal Ripken Sr. Foundation</b> High Intensity Drug Trafficking Agency	07.999	2021-FED-WBHIDTA-B4B- VA-2	-	4,776
Total High Intensity Drug Trafficking Agency			<u>-</u>	<u>172,569</u>
<b>TOTAL OFFICE OF NATIONAL DRUG CONTROL</b>			-	<b>172,569</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<b>Direct Payments:</b>				
Child and Adult Food Care Program	10.558	-	-	52,507
Community Compost and Food Waste Reduction	10.935			41,816
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	-	-	303,358
Total Child Nutrition Cluster			<u>-</u>	<u>303,358</u>
<b>Passed Through Virginia Department of Social Services:</b>				
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Laser Report	-	5,842,662
Total SNAP Cluster			<u>-</u>	<u>5,842,662</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	<b>6,240,343</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<b>Direct Payments:</b>				
The Richmond Environment: Students as Teachers	11.457		-	438
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			-	<b>438</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Direct Payments:</b>				
Community Development Block Grant Cluster				
Community Development Block Grant Program				
Entitlement Grants (CDBG)	14.218	-	1,859,372	3,432,341
COVID-19 - Community Development Block Grant - CV	14.218		980,614	999,231
Total Community Development Block Grant Cluster			<u>2,839,986</u>	<u>4,431,572</u>
Home Investment Partnerships Program (HOME)	14.239	-	394,356	494,509
Emergency Shelter Grant Program (ESG)	14.231	-	1,116,090	1,178,807
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	-	1,286,704	1,319,404
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>5,637,136</b>	<b>7,424,292</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b>Direct Payments:</b>				
Coronavirus Emergency Supplemental Funding Program	16.034	-	-	44,633
Crime Victim Assistance	16.575	-	-	669,092
Crime Victim Assistance/Discretionary Grant	16.582	-	-	46,332
Bureau of Justice Assistance	16.745	-	-	39,609
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	5,000
Juvenile Accountability Incentive Block Grant	16.738	-	-	34,523
Total Edward Byrne Memorial Just Assistance Grant			<u>-</u>	<u>39,523</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			-	<b>839,189</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Passed Through Virginia Department of Transportation:</b>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction (Capital Projects) -	20.205	290-8130 TRAFF Safety	\$ -	\$ 8,779,613
<b>Passed Through Virginia Department of Rail and Public Transportation</b>				
Employee Trip Reduction	20.205	47017-04 & 47019-06	-	1,440
Total Highway Planning and Construction Cluster			-	8,781,053
<b>Passed Through Virginia Division of Motor Vehicles:</b>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	FSC-2021-51310-21310	-	16,336
State and Community Highway Safety	20.600	FOP-2021-51278-21278	-	2,951
State and Community Highway Safety	20.600	FPS-2022-52166-22166	-	2,169
State and Community Highway Safety	20.600	FOP-2022-52170-22170	-	8,378
State and Community Highway Safety	20.600	FSC-2022-52174-22174	-	50,848
Total State and Community Highway Safety			-	70,135
National Priority Safety Program				
Total Highway Safety Cluster	20.616	FHILE-2021-51270-21270	-	1,579
			-	82,261
Alcohol Open Container Requirements				
Alcohol Open Container Requirements	20.607	154AL-2022-52175-22175	-	38,531
Alcohol Open Container Requirements	20.607	154AL-2021-51272-21272	-	10,562
Total Alcohol Open Container Requirements			-	49,093
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>8,912,407</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Passed through Virginia Resource Authority:</b>				
Brownfield Assessment	66.818		-	181,850
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>181,850</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Direct Payment:</b>				
Heathy Start Initiative	93.926	-	-	211
<b>Passed Through Mercy Hurst University</b>				
Adult Drug Court - RADTC - SAMHSA	93.243	5H79TI081026-03	-	115,029
Richmond Adult Drug Treatment Court RADTC Program	93.243	None provided	-	206,877
Total Adult Drug Court			-	321,906
<b>Passed Through Virginia Department of Social Services:</b>				
KinGAP				
IV-E Prevention Services	93.472	RSDSS LASER	-	40,241
Promoting Safe and Stable Families	93.556	RSDSS LASER	-	158,537
Temporary Assistance for Needy Families Cluster				
FY2022 Healthy Families	93.558	FAM-21-083A-25	-	180,070
FY2021 Healthy Families	93.558	FAM-18-106A-23	-	10,693
Temporary Assistance for Needy Families	93.558	RSDSS LASER	-	3,189,406
Total Temporary Assistance for Needy Families Cluster			-	3,380,169
Refugee and Entrant Assistance State/Replacement Designee Administered Programs				
Low-Income Home Energy Assistance	93.566	RSDSS LASER	-	14,667
Child Care and Development Fund Cluster:	93.568	RSDSS LASER	-	612,187
Child Care Mandatory and Matching Funds	93.596	RSDSS LASER	-	726,350
Total Child Care and Development Fund Cluster			-	726,350
Chafee Education and Training Vouchers Program (ETV)				
Stephanie Tubbs Jones Child Welfare Services Program	93.599	RSDSS LASER	-	34,569
Foster Care Title IV E	93.645	RSDSS LASER	-	8,047
	93.658	RSDSS LASER	-	2,311,045

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF RICHMOND, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>				
<b>Passed Through Virginia Department of Social Services (Continued):</b>				
Adoption Assistance - Title IV-E	93.659	RDSS LASER	\$ -	\$ 3,438,754
Social Service Block Grant (SSBG)	93.667	RDSS LASER	-	2,884,652
Chafee Foster Care - Independent Living & Administrative	93.674	RDSS LASER	-	80,109
Children's Health Insurance Program	93.767	RDSS LASER	-	37,177
Medicaid Cluster				
Medical Assistance Program	93.778	RDSS LASER	-	3,200,081
Total Medicaid Cluster			-	3,200,081
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			-	<b>17,260,618</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>				
<b>Passed Through Virginia Department of Social Services:</b>				
FY2022 AmeriCorps RHOPE	94.006	CVS-21-047-05	-	208,555
AmeriCorps	94.006	CVS-21-015-02	-	76,465
Total AmeriCorps			-	285,020
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL</b>			-	<b>285,020</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Passed Through Virginia Department of Emergency Management</b>				
FY2021 Emergency Management Performance Grant	97.042	EMP-2021-EP-00004	-	9,108
FY20 Local Emergency Management Performance Grant	97.042	None provided	-	15,871
2020 Emergency Mgmt Performance Grant - Supplemental	97.042	N/A	-	3,250
Total Emergency Management Performance Grants			-	28,229
Assistance to Firefighters Grant	97.044	EMW-2020-FG-01378	-	1,383
2020 Assistance to Firefighters Grant (AFG)	97.044	EMW-2020-FG-10596	-	1,500
Total Assistance to Firefighters Grants			-	2,883
FY21 SHSP Emergency Management Planning Support	97.067	None provided	-	39,805
FY21 SHSP Public Housing Kits	97.067	None provided	-	15,790
FY21 SHSP Public Outreach	97.067	None provided	-	11,393
FY21 SHSP Richmond CERT Program	97.067	None provided	-	1,090
Total Homeland Security Grant Program			-	68,078
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL</b>			-	<b>99,190</b>
<b>U.S. DEPARTMENT OF TREASURY:</b>				
<b>Direct Payment:</b>				
COVID-19 - CARES Act Relief Funding	21.019		-	9,441,663
COVID-19 - American Rescue Plan	21.027		-	13,443,181
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			-	<b>22,884,844</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 5,637,136</b>	<b>\$ 64,300,760</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF RICHMOND, VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

**Organization**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the primary government of the City of Richmond, Virginia (the City), and is presented on the modified-accrual basis of accounting. Federal awards of component units of the City reporting entity are not included in this Schedule.

The information in this Schedule is also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Expenditures of federal award grant funds are made for the purposes specified by the grantor, and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of the City.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing Number (ALN) 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST**

The City did not elect to use the 10% de minimis cost rate for indirect costs.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes          x       no
  - Significant deficiency(ies) identified?       x       yes    \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes          x       no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?       x       yes    \_\_\_\_\_ no
  - Significant deficiency(ies) identified?       x       yes    \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?       x       yes    \_\_\_\_\_ no

**Identification of Major Federal Programs**

CFDA Number(s)	Name of Federal Program or Cluster
93.558	TANF
93.659	Adoption Assistance
14.218	CDBG
93.667	Social Services Block Grant
21.027	COVID-19 - Coronavirus Fiscal Recovery Funds

Dollar threshold used to determine Type A programs: \$1,929,023

- Auditee qualified as low-risk auditee? \_\_\_\_\_ yes          x       no

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section II – Financial Statement Findings***

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**2022-001 – Recording of Retainage Payable**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:**

The City did not record a liability for retainage payable related to construction in progress invoices. Retainage payable represents a liability attributable to the acquisition, construction or improvement of capital assets (in this case, construction in progress). The retainage payable amount is included on construction in progress invoices as a reduction of total expenditures incurred.

**Criteria or specific requirement:**

Generally Accepted Accounting Principles (GAAP) require that all transactions of an entity be properly accounted for in the period they occur.

**Effect:**

Failure to record retainage payable may result in the misstatement of liability and expenditures. Further, the financial information provided to management and those charged with governance may not be accurate or relevant.

**Cause:**

The City has a history of not accounting for these transactions and therefore, has not established the appropriate policies and procedures to ensure proper accounting.

**Repeat Finding:** Prior year finding 2021-002

**Recommendation:**

We recommend that the City recognize retainage and establish ongoing training for those individuals responsible for the accounting of these transactions as well as the departments required to provide information needed by the Finance Department to properly account for retainage.

**Views of responsible officials and planned corrective actions:**

We agree with the auditors finding. Purchase orders are created for the entire amount of the project which encumbers the funds. Currently, projects are paid in phases and a hold is placed on a portion of the funds until the completion date of the project. Once the project is complete, the balance on the purchase order which is encumbered, is released/paid to reflect the retainage amount which was held. The City has a mechanism in the system that identifies retainage as a type of payment but this was not used in previous years as an identifying marker for the final payment (retainage). The Finance Department has communicated with all applicable departments to identify the release of the financial retainage amounts prior to the payment being released. The City is in the process of a system upgrade that it will track and record retainages that have not been paid at year-end and will record them as a liability.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section II – Financial Statement Findings (Continued)***

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**2022-002 – Use of Miscellaneous Vendor**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:**

The “Miscellaneous Vendor” code is not being consistently used for its intended purpose. This code was established for small social services reimbursements; however, we noted the code was being used for large recurring vendors. The use of the “Miscellaneous Vendor” code allows for a bypass of the normal procurement process.

**Criteria or specific requirement:**

All large vendors paid by the City should be subjected to the City’s procurement processes.

**Effect:**

The use of the “Miscellaneous Vendor” code can allow employees to surpass the approval process of requesting a new vendor through the procurement department. This could result in related party vendors or vendors who are suspended and debarred. Bypassing the procurement process may also increase the risk of fraud related to disbursement of funds.

**Cause:**

The City is not monitoring the use of the “Miscellaneous Vendor” code and necessary procurement processes are not being followed.

**Repeat Finding:** Prior year finding 2021-004

**Recommendation:**

We recommend the City limit the use of the “Miscellaneous Vendor” code. We also recommend the City establish controls to review all checks issued to “Miscellaneous Vendor”.

**Views of responsible officials and planned corrective action:**

We agree with the auditors finding. Procurement Services will establish miscellaneous vendor supplier records by payment types to align to source and purpose for creation. Additionally, Procurement Services will create a dashboard to monitor and validate the use of the miscellaneous vendor payment types. Procurement violations will have appropriate follow up by Department of Procurement Services.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section II – Financial Statement Findings (Continued)***

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**2022-003 – Cash Reconciliation (Concentration Account)**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:**

During the year, we noted the following:

- Bank reconciliations were not performed and reviewed timely; and,
- Yes-end reconciliations contained immaterial unreconciled amounts.

**Criteria or specific requirement:**

COSO/Internal Control Framework requires adequate internal controls over the bank reconciliation process to ensure the proper recording of cash.

**Effect:**

Performing timely bank reconciliations reduces the risk that errors will go undetected and/or uncorrected. Also, if differences are not reconciled on a monthly basis, over time, they can build up to a significant amount that will be difficult to reconcile. In preparing the bank reconciliations, all items should be investigated and corrected in that period.

**Cause:**

It appears a lack of staffing resources resulted in reconciliations not being completed timely. Reconciling items in the Concentration account were not being researched and resolved.

**Repeat Finding:** No

**Recommendation:**

We recommend that bank reconciliations be reviewed for accuracy and completeness on a timely basis. Additionally, we recommend that all unreconciled differences be investigated and resolved timely.

**Views of responsible officials and planned corrective actions:**

We agree with the auditors finding. We have taken the immediate step of augmenting staff on the General Accounting team to address the issue of performance of reconciliations in a timely manner. Additionally, we have initiated a project to automate the cash reconciliation process between the bank, general ledger and subsidiary ledger systems. The City will continue to refine the month end close process to ensure that reconciliations are performed timely and unreconciled items are resolved within a reasonable time frame by establishing benchmarks for clearing open items.



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section III – Federal Award Findings and Questioned Costs***

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**2022-004**

**Federal Agency:** U.S. Department of Social Services

**Federal Program Name:** Title – IV-E Adoption Assistance

**ALN:** 93.659

**Award Period:** July 1, 2021 – June 30, 2022

**Compliance Requirement:** Eligibility

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Prior Year Finding:** No

**Criteria:**

Title IV-E of the Social Security Act (42 U.S.C §670) authorizes the Adoption Assistance program. Subsidy payments are made to the adoptive parent(s) based on a child's needs (i.e., development, cognitive, or emotional behavior) and the adoptive parent(s)' circumstances. Payments are issued in accordance with a written and binding adoption assistance agreement (AAA) when the below eligibility requirements are met.

- Child meets the categorical eligibility as an “Applicable Child” or “Non-Applicable Child.”
  - *Applicable child* - AAA was signed in federal fiscal year (FY) 2010 or later that met the age requirement; or who was in foster care for at least 60 consecutive months; or who has a sibling in the same adoptive placement that meets one of the above requirements. Also, the child must meet one of the below requirements.
    - was in foster care when the adoption proceeds were initiated; or
    - meets disability or medical requirements for the Supplemental Security Income (SSI) program; or
    - was residing with a minor parent in foster care: or
    - was eligible for adoption assistance in a previous adoption in which the adoptive parent died or parental rights were terminated.
  - *Non-applicable* – AAA was signed prior to federal FY10 or a later year if the applicable requirements were not met and the child meets one of the below requirements:
    - eligible for the Aid to Families with Dependent Children (AFDC) program; or
    - eligible for SSI; or
    - resides with a minor parent in foster care that is receiving Title IV-E foster care maintenance payments for themselves and the child.
- The child cannot or should not return home to his/her parents.
- The child has a special need (i.e., minority or medical condition), and it is reasonable to conclude that the child cannot be placed with adoptive parents without providing a subsidy.
- The agency made reasonable efforts to place the child without a subsidy or waive the requirement if not in the best interest of the child.
- The AAA was signed prior to the final decree of adoption.
- Criminal records checks were conducted for the prospective adoptive parent(s) and child abuse and neglect registry checks were conducted for the prospective adoptive parents and adult household members.

Also, the subsidy payment cannot exceed the foster care maintenance payment the child would have received in foster care.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**Condition:**

A sample of 40 children that received Title IV-E adoption subsidies during FY2022 was tested for compliance with the above criteria and the observations were noted below.

- 40 out of 40 children - Met the eligibility requirements, had special needs that prevented them from being placed without a subsidy, and could not return home.
- 40 out of 40 children - RDSS made reasonable efforts to place the children without the subsidy or waived the requirement as it was not in the best interest of the child.
- 40 out of 40 children – The adoption assistance agreements were signed prior to the final adoption decree, the authorized amounts were in line with the State’s rates, and payments were issued in accordance with the agreements.
- 9 out of 40 children – Sufficient evidence of the completion of the required criminal background and child abuse and neglect registry checks for the adoptive parents and adult household members was not in the adoption case files. The home studies and report of investigations narrative indicated the required checks were completed for the adoptive parents and household members but did not identify when they occurred. Also, in some cases, it was not noted if the adoptive parents met the eligibility requirements for the criminal record checks. As such, the auditors were unable to confirm when the checks occurred, and supporting documentation was not provided prior to the completion of fieldwork.

In addition, during the initial file review, documents such as court orders, negotiation documents, and annual affidavits were missing from some of the files. The Adoption Unit was ultimately able to retrieve and provide the missing items. However, an opportunity exists to improve the adoption case file documentation.

**Questioned Costs:**

None

**Cause:**

The home studies and background checks were conducted by child-placing agencies, DSS Resource Unit, or third parties. Standard documentation requirements regarding background checks were not in place. As such, there was an inconsistency in the information captured in the home studies and provided to support the completion of the criminal background and child abuse and neglect registry checks. The capture information ranged for the home study narratives to non-conviction letters. A quality control process was not in place to ensure that the required documentation was maintained in the adoption case files.

**Effect:**

The lack of a quality control process resulted in incomplete adoption case files, which may result in noncompliance with the adoption assistance requirements or prevent the Unit from demonstrating compliance. Also, the inconsistencies in the background check documentation reduce the Unit’s assurance and ability to demonstrate that the required checks were conducted. As such, this could result in kids being potentially placed in unsafe environments and the State or Federal government clawing back Title IV-E funds for non-compliance.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**Recommendation:**

We recommend that the Children, Families, and Adults (CFA) Deputy Director develop and implement a quality control process to ensure that the required documentation is maintained in the adoption case files. We recommend that the CFA Deputy Director develop and implement standard documentation requirements for documenting the completion of the background checks in the adoption case files.

**Views of Responsible Officials and Planned Corrective Action:**

The City agrees with this finding. See separate Corrective Action Plan related to this finding.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section III – Federal Award Findings and Questioned Costs (Continued)***

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**2022-005**

**Federal Agency:** U.S. Department of Social Services

**Federal Program Name:** Temporary Assistance for Needy Families

**ALN:** 93.558

**Award Period:** July 1, 2021 – June 30, 2022

**Compliance Requirement:** Eligibility

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Prior Year Finding:** No

**Criteria:**

A financially needed family that consists of a minor child living with a parent/caretaker relative or pregnant woman may receive TANF assistance. The child must be less than 18 years old or less than 19 years old if a full-time student in a secondary school. Recipients must be United States citizens or qualified aliens. Assistance is provided for up to 60 months and can be extended if specific requirements are met. Assistance may not be provided to/for:

- An unmarried individual under 18 years old with a child (minor parent) who has not completed high school/equivalent unless the individual is working toward attaining a high school diploma or participating in an alternative education/training program.
- An unmarried individual under 18 with a child if the minor parent and child are not living with a parent, legal guardian, or an adult relative.
- Minor child that has or is expected to be absent from the home for 45 consecutive days or at the option of a State between 30-180 days.
- An individual fleeing to avoid prosecution or custody for a felony, confinement after a conviction of a felony, or in violation of probation/parole terms.
- An individual convicted of fraudulent representation for assistance within the past ten years.

As a condition of receiving assistance, families must assign the rights of any support received from any other person to the State.

**Condition:**

A sample of 40 FY2022 TANF cases was tested for compliance with the above criteria and the observations were noted below.

- 24 out of 40 case files tested did not contain adequate documentation to verify eligibility requirements and approval of benefits. Approximately, 55% of the reviewed files lacked evidence that the workers verified the relationship between the minor children and the applicant and that the children were living in the home.
- 1 out of 40 case files tested, the assistance unit captured a child that was not living in the household, which inappropriately increased the monthly benefit amount.
- 1 out of the 40 cases tested did not contain evidence that the eligibility worker inquired about the applicant's indication on the application that they were not in compliance with probation/sentencing terms prior to approving the application.

**Questioned Costs:**

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

None

**Cause:**

The case notes in the system of record referenced various verification methods and documentation that was obtained. However, the documentation could not be located and provided to the auditors. Per DSS management, limited staffing working the volume of cases is an attributing factor for the observations. The verifications were not conducted, and/or the documentation was not placed in the case files. A quality control process is not in place to ensure that eligibility verifications are conducted, and documentation is obtained and retained in the case files.

**Effect:**

Applicants that do not meet TANF requirements may be inappropriately screened eligible and receive benefits. Also, incomplete case files hinder RDSS's ability to support eligibility screening decisions.

**Recommendation:**

We recommend that the Economic Support and Independence Deputy Director develop and implement a quality control process to ensure the required eligibility verifications are conducted and properly documented in the case files.

**Views of Responsible Officials and Planned Corrective Action:**

The City agrees with this finding. See separate Corrective Action Plan related to this finding.

**CITY OF RICHMOND, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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***Section III – Federal Award Findings and Questioned Costs (Continued)***

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**2022-006**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Federal Program:** CDBG Entitlement Grant Cluster  
COVID-19 – Community Development Block Grant - CV  
**Assistance Listing Number:** 14.218  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Non-Compliance

**Criteria or specific requirement:**

Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**Condition:**

Subaward information was not reported to FSRS during FY 2022.

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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*Section III – Findings and Questioned Costs – Major Federal Programs (Continued)*

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**Context:**

Zero of five subawards selected for testing were reported to FSRS. Total subawards tested were \$1,434,300, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	5	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$1,434,300	\$1,434,300	\$0	\$0	\$0

**Cause:**

Due to staffing shortages, the City did not have the resources to input all subaward information into the FSRS system.

**Effect:**

Subawards were not reported in FRSR in accordance with FFATA requirements.

**Questioned costs:**

None

**Recommendation:**

We recommend the City develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the City develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

**Views of Responsible Officials:**

The City agrees with this finding. See separate Correction Action Plan related to this finding.