

CITY OF RICHMOND, VIRGINIA
REPORT ON SINGLE AUDIT
JUNE 30, 2023



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**CITY OF RICHMOND, VIRGINIA
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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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 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, Richmond Redevelopment and Housing 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 below as items 2023-001 and 2023-002 to be significant deficiencies.

Report on Compliance and Other Matters

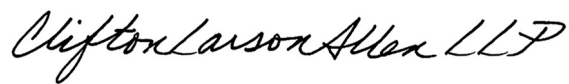
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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
December 13, 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, 2023. 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, 2023. 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, 2023.

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 2023-003 and 2023-004. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. *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 2023-003 and 2023-004, 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.

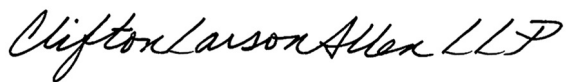
Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 13, 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, 2023. 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 18, 2024

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed Through Mercy Hurst University				
High Intensity Drug Trafficking Agency	07.999	2022TXRICHMOND	\$ -	\$ 99,602
Passed Through Cal Ripken Sr. Foundation				
High Intensity Drug Trafficking Agency	07.999	2022-FED-WBHIDTA-B4B- VA-3	-	5,075
Total High Intensity Drug Trafficking Agency			<u>-</u>	<u>104,677</u>
TOTAL OFFICE OF NATIONAL DRUG CONTROL			-	104,677
U.S. DEPARTMENT OF AGRICULTURE:				
Direct Payments:				
Community Compost and Food Waste Reduction	10.935		-	38,135
Passed Through Virginia Department of Agriculture:				
Child and Adult Food Care Program	10.558	4098A, 2022-CCCA-Grant, 2023-VDACS-Grant	-	114,822
Passed Through Virginia Department of Education:				
FY20 Summer Food Service Program	10.559	None provided	-	347,554
Passed Through Virginia Department of Social Services:				
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Laser Report	-	5,536,070
Total SNAP Cluster			<u>-</u>	<u>5,536,070</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	6,036,581
U.S. DEPARTMENT OF COMMERCE				
Direct Payments:				
The Richmond Environment: Students as Teachers	11.457		-	34,779
TOTAL U.S. DEPARTMENT OF COMMERCE			-	34,779
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Payments:				
Community Development Block Grant Cluster				
Community Development Block Grant Program				
Entitlement Grants (CDBG)	14.218	-	3,212,608	4,749,567
COVID-19 Community Development Block Grant - CV	14.218	-	899,698	904,112
Total Community Development Block Grant Cluster			<u>4,112,306</u>	<u>5,653,679</u>
Emergency Shelter Grant Program (ESG)	14.231	-	400,645	418,528
Home Investment Partnerships Program (HOME)	14.239	-	1,609,969	1,712,022
HOME - ARP Special Fund	14.239	-	-	49,802
Total Home Investment Partnership Program (HOME)			<u>1,609,969</u>	<u>1,761,824</u>
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	-	1,290,335	1,324,490
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			7,413,255	9,158,521
U.S. DEPARTMENT OF JUSTICE				
Direct Payments:				
Dementia & Developmental Disabilities	16.015	-	-	9,673
Coronavirus Emergency Supplemental Funding Program	16.034	-	-	149,185
Passed Through Virginia Department of Criminal Justice Services:				
DCJS 2022 CESF Fund	16.034	2020-VD-BX-0141	-	45,000
Richmond City CESF Funding CY22	16.034	9356	-	48,532
Total Coronavirus Emergency Supplemental Funding			<u>-</u>	<u>242,717</u>
Direct Payments:				
Gun Violence Prevention & Intervention Grant	16.045	-	-	1,156
Crime Victim Assistance/Elder Abuse Prevention	16.582	-	-	1,445
BJA State Criminal Alien Assistance Program	16.606	-	-	79,254

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (CONTINUED)				
Direct Payments (Continued):				
2021 Community Policing Dev. De-Escalation Training	16.710	-	\$ -	\$ 125,000
2021 Community Policing Development - "Microgrants"	16.710	-	-	13,263
Total Community Policing Development			<u>-</u>	<u>138,263</u>
PREA Standards	16.735	-	-	144,400
Richmond Retooled Comprehensive Second Chance Reentry Program	16.812	-	-	341,718
Byrne JAG Grant PS Program COR Restorative Justice	16.738	-	-	57,886
FY19 Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	-	-	50,927
FY2021 Edward Byrne Justice Assistance Grant (JAG)	16.738	-	-	109,363
FY22 Edward Byrne Justice Assistance Grant (JAG)	16.738	-	-	6,248
Passed Through Virginia Department of Criminal Justice Services:				
JAG Project Safe Neighborhood Coordinator	16.738	2018-DJ-BX-0728	-	56,250
Richmond City Law Enforcement Equipment	16.738	10479	-	18,300
Richmond City Public Safety Based Programs	16.738	9953	-	22,500
Total Edward Byrne Memorial Just Assistance Grant			<u>-</u>	<u>321,474</u>
Passed Through Virginia Department of Criminal Justice Services:				
Victim Witness Services	16.575	23-01193VG19	-	513,917
Juv. Justice & Delinquency Prevention - Peer Justice	16.540	2018-JX-FX-0016	-	9,777
Strong African American Families	16.540	2019-JX-FX-007	-	15,299
Total Juvenile Justice and Delinquency Prevention			<u>-</u>	<u>25,076</u>
Passed Through Virginia Association of Chiefs of Police:				
FY18 Project Safe Neighborhoods	16.609	None provided	-	74,100
Passed Through Richmond Behavioral Health Authority:				
CCBHD - RBHA	16.745	BJA-2019-15099	-	26,897
2021 BJA 21 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.817	15BJA-21-GG-04452-BWCX	-	44,212
TOTAL U.S. DEPARTMENT OF JUSTICE			-	1,964,302
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction (Capital Projects) -	20.205	290-8130 TRAFF Safety	-	17,094,403
Passed Through Virginia Department of Rail and Public Transportation				
Employee Trip Reduction	20.205	47019-06	-	4,530
Total Highway Planning and Construction Cluster			<u>-</u>	<u>17,098,933</u>
Passed Through Virginia Division of Motor Vehicles:				
Highway Safety Cluster				
State and Community Highway Safety	20.600	FPS-2022-52166-22166	-	836
State and Community Highway Safety	20.600	FOP-2022-52170-22170	-	2,622
State and Community Highway Safety	20.600	FSC-2022-52174-22174	-	19,490
State and Community Highway Safety	20.600	BPT-2023-53164-23164	-	71,147
FY23 Selective Enforcement - Pedestrian	20.600	SPS-2023-53151-23151	-	417
Total State and Community Highway Safety			<u>-</u>	<u>94,512</u>
Alcohol Open Container Requirements	20.607	154AL-2022-52175-22175	-	14,548
Alcohol Open Container Requirements	20.607	ENF-AL-2023-53160-23160	-	41,995
Total Alcohol Open Container Requirements			<u>-</u>	<u>56,543</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	17,249,988

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY				
Direct Payment:				
Brownfield Assessment	66.818	-	\$ -	\$ 271,250
TOTAL ENVIRONMENTAL PROTECTION AGENCY			-	271,250
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Mercy Hurst University				
RADTC - SAMHSA18 Grant	93.243	5H79TI081026-05	-	174,106
Richmond Adult Drug Treatment Court RADTC Program	93.243	5H79TI081026-04	-	58,129
Total Adult Drug Court			-	232,235
Passed Through Virginia Department of Social Services:				
KinGAP	93.090	RSDSS LASER	-	6,273
IV-E Prevention Services	93.472	RSDSS LASER	-	47,064
Promoting Safe and Stable Families	93.556	RSDSS LASER	-	162,781
Temporary Assistance for Needy Families Cluster				
Temporary Assistance for Needy Families	93.558	RSDSS LASER	-	3,136,711
Healthy Families Virginia	93.558	FAM-21-083A-25	-	215,390
Total Temporary Assistance for Needy Families Cluster			-	3,352,101
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	RSDSS LASER	-	18,738
Low-Income Home Energy Assistance	93.568	RSDSS LASER	-	673,290
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds	93.596	RSDSS LASER	-	749,923
Total Child Care and Development Fund Cluster			-	749,923
Chafee Education and Training Vouchers Program (ETV)				
Stephanie Tubbs Jones Child Welfare Services Program	93.599	RSDSS LASER	-	25,456
Foster Care Title IV E	93.645	RSDSS LASER	-	6,309
Foster Care Title IV E	93.658	RSDSS LASER	-	2,062,199
Adoption Assistance - Title IV-E	93.659	RDSS LASER	-	3,465,971
Social Service Block Grant (SSBG),	93.667	RDSS LASER	-	2,735,998
Chafee Foster Care - Independent Living & Administrative	93.674	RDSS LASER	-	40,901
Children's Health Insurance Program	93.767	RDSS LASER	-	32,442
Medicaid Cluster				
Medical Assistance Program	93.778	RDSS LASER	-	3,067,547
Total Medicaid Cluster			-	3,067,547
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	16,679,228
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:				
Passed Through Virginia Department of Social Services:				
FY2022 AmeriCorps RHOPE	94.006	CVS-21-047-05	-	73,519
AmeriCorps RHOPE	94.006	CVS-22-066-06	-	124,958
Total AmeriCorps			-	198,477
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL			-	198,477

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass Through Grantor Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Payments:				
2020 Assistance to Firefighters Grants (AFG)	97.044	-	\$ -	\$ 12,083
SAFER Grant - Fire Staffing	97.083	-	-	1,709,138
Passed Through Virginia Department of Emergency Management				
FY21 Emergency Management Performance Grant	97.042	EMP-2021-EP-00004	-	76,390
FY21 SHSP Emergency Management Planning Support	97.067	22	-	30,553
FY21 SHSP Public Housing Kits	97.067	18	-	14,202
FY21 SHSP Public Outreach	97.067	25	-	13,458
FY21 SHSP Richmond CERT Program	97.067	24	-	3,163
Mobile Camera Platform Grant	97.067	EMW-2021-SS-00034	-	44,999
Total Homeland Security Grant Program			<u>-</u>	<u>106,375</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL			-	1,903,986
U.S. DEPARTMENT OF TREASURY:				
Direct Payment:				
COVID-19 - American Rescue Plan	21.027		<u>2,956,228</u>	<u>8,418,535</u>
Passed through Virginia Department of Criminal Justices				
Community-Based Gun Violence Intervention Program	21.027		<u>-</u>	<u>79,407</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>2,956,228</u>	<u>8,497,942</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,369,483</u>	<u>\$ 62,099,731</u>

**CITY OF RICHMOND, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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. 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, 2023**

Section I – Summary of Auditors’ Results

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? _____ yes x 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
10.561	Supplemental Nutrition Assistance Program
14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
20.205	Highway Planning and Construction
21.027	COVID-19 - Coronavirus Fiscal Recovery Funds
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to determine Type A programs: \$1,862,992

Auditee qualified as low-risk auditee? _____ yes x no

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 – 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 2022-02

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, 2023**

Section II – Financial Statement Findings (Continued)

2023-002 – 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;
- Year-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: Yes, 2022-03

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 reconciliation 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, 2023**

Section III – Federal Award Findings and Questioned Costs

2023-003

Federal Agency: U.S. Department of Homeland Security

Federal Program Name: Staffing for Adequate Fire and Emergency Response

ALN: 97.083

Award Period: March 14, 2023 – March 13, 2026

Compliance Requirement: Period of Performance

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

Prior Year Finding: No

Criteria or specific requirement:

Compliance – A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods. Social Services Block Grant funds must be expended by the state in the fiscal year allotted or in the succeeding fiscal year.

Control – Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Homeland Security charged costs to the program that were incurred outside of the grant award’s period of performance.

Context:

One of the six pay-periods selected for testing, had expenditures totaling \$19,871, that were incurred on March 13, 2023, which is prior to the award’s period of performance start date of March 14, 2023.

Questioned costs:

Known costs of \$19,871.

Cause:

Personnel Costs for March 13, 2023 embedded in the pay period report of March 13, 2023 through March 26, 2023 were submitted as expenditures before the period of performance start date of March 14, 2023. This was caused by an oversight of removing the first day of employment March 13, 2023 from the expenditures when the first reimbursement was submitted for payment to FEMA.

Effect:

The Department was not compliant with the grant’s period of performance which could result in the grantor’s disallowance of the costs.

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Recommendation:

We recommend that the Department review and enhance its procedures and controls to ensure that expenditures charged to the program are incurred within the grant's period of performance.

Views of responsible officials:

We concur with your finding and have taken the following corrective action:

1. The error has been reported to FEMA and the transaction for correcting this error will be submitted with the next reimbursement request as a negative adjustment.
2. We are continuously monitoring the expenditure consistency with the grant award timeline.
3. We are working with our Grant Coordinator to ensure that all of our grants are consistent with the requirements of the award.

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

2023-004

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Community Development Block Grants

ALN: 14.218

Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

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

Prior Year Finding: Yes

Criteria or specific requirement:

Compliance: 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: Sub awardee 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.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Housing and Urban Development did not report subaward information timely to FSRS during FY 2023. One subaward out of Fifteen was not reported in the FSRS portal.

**CITY OF RICHMOND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Context:

Five out of Fifteen subawards selected for testing were due on 9/16/2022 and were not reported to FSRS until 2/27/2024, or 529 days late. One out of Fifteen subawards selected for testing were due on 9/16/2022 and has not been submitted into the FSRS portal.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	1	5	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$9,572,762	\$71,422	\$9,572,762	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2023.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

Michelle B. Peters, Deputy Director, Housing and Community Development Department.



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