

Schedule of Expenditures of Federal Awards And Independent Auditor Compliance Reports



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

HANOVER COUNTY, VIRGINIA

Hanovercounty.gov



COUNTY OF HANOVER, VIRGINIA

COMPLIANCE REPORTS

As of and for the Year Ended June 30, 2022

And Reports of Independent Auditor

COMPLIANCE REPORTS

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**Report of Independent Auditor 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**

To the Honorable Members of the Board of Supervisors
County of Hanover, 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 County of Hanover, Virginia (the "County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 9, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of County'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 entity'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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County'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*.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity's '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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
November 9, 2022

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Supervisors
County of Hanover, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Hanover, Virginia's (the "County") 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 County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of 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; 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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County 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 County'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 County's federal programs.

Auditor's 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 County'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 generally accepted auditing standards, *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 County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 County'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 County'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 County'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.

Report on Internal Control over Compliance

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.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

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 County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 9, 2022, 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 accompanying Schedule of Expenditures of Federal Awards is presented for the 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.

Cherry Bekaert LLP

Richmond, Virginia
February 9, 2023

**Report of Independent Auditor on Compliance with
Commonwealth of Virginia’s Laws, Regulations, Contracts, and Grants**

To the Honorable Members of the Board of Supervisors
County of Hanover, Virginia

We have audited, in accordance with 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* (the “Specifications”) 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 County of Hanover, Virginia (the “County”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated November 9, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free of material misstatement, we performed tests of the County’s compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants, 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 following is a summary of the Commonwealth of Virginia’s laws, regulations, contracts, and grants for which we performed tests of compliance:

<u>Code of Virginia</u>		<u>State Agency Requirements</u>
Budget and Appropriation Laws	Procurement	Education
Cash and Investments	Unclaimed Property	Children’s Services Act Funds
Conflicts of Interest	Property Taxes	Social Services
Intergovernmental Revenues	Debt Provisions	Fire Programs Aid to Localities

The results of our tests disclosed four (4) instances of noncompliance required to be reported in accordance with the Specifications as described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-004.

County’s Responses to Findings

The County’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County’s responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County’s compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
February 9, 2023

COUNTY OF HANOVER, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Year to Date June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number		Program Clusters	Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
Passed Through the Commonwealth of Virginia:				
<u>Department of Agriculture and Consumer Services:</u>				
National School Lunch Program - Cafeteria (commodities)	10.555	①	\$ 1,587,391	
<u>Department of Education:</u>				
COVID-19 Supply Chain Assistance	10.555	①	271,371	
COVID-19 School Nutrition Programs Emergency Operating Costs	10.555	①	179,465	
<u>CARES Act:</u>				
School Breakfast Program	10.553		2,163,651	
National School Lunch Program	10.555	①	7,159,476	
Total Child Nutrition Cluster				\$ 11,361,354
<u>Department of Education:</u>				
COVID-19 Pandemic EBT Local Level Administrative Cost Grant	10.649			3,063
<u>Department of Health:</u>				
Child & Adult Care Food Program	10.558			36,907
<u>Department of Social Services:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		988,476	
Total SNAP Cluster				988,476
DEPARTMENT OF DEFENSE:				
Direct Payments:				
JROTC	12.000			249,608
DEPARTMENT OF JUSTICE:				
Direct Payments:				
Equitable Sharing Program	16.922			349,023
Passed Through the Commonwealth of Virginia:				
<u>Department of Criminal Justice Services:</u>				
COVID-19 Coronavirus Emergency Supplemental Funding Program (10245, 9893)	16.034			67,501
Crime Victim Assistance (21-X9600VW19, 21-Z8854CA21)	16.575			151,895
Edward Byrne Memorial Justice Assistance Grant Program (2018-DJ-BX-0728)	16.738			18,666
DEPARTMENT OF TRANSPORTATION:				
Direct Payments:				
<u>Department of Aviation:</u>				
Airport Improvement Program	20.106		878,483	
COVID-19 Airport Coronavirus Relief Grant Program (3-51-0023-032-2021)	20.106		23,000	
				901,483
Passed Through the Commonwealth of Virginia:				
<u>Department of Transportation:</u>				
Highway Planning & Construction	20.205		1,591,448	
Total Highway Planning and Construction Cluster				1,591,448
<u>Department of Rail & Public Transportation:</u>				
Enhanced Mobility of Seniors & Individuals with Disabilities (VA-2020-047)	20.513		273,934	
Total Transit Services Programs Cluster				273,934
<u>Department of Motor Vehicles:</u>				
State & Community Highway Safety (FSC-2021-51315-21315, FOP-2021-51317-21317)	20.600		30,478	
Total Highway Safety Cluster				30,478
Alcohol Open Container Requirements (154AL-2021-51312-21312, 154AL-2020-50293-20293)	20.607			95,428
DEPARTMENT OF TREASURY:				
Passed Through the Commonwealth of Virginia:				
<u>Department of Accounts:</u>				
COVID-19 CRF - Municipal Utility Relief Program	21.019		273,180	
<u>Department of Education:</u>				
COVID-19 DOE Coronavirus Relief Fund (CRF)	21.019		133,261	
<u>Department of Emergency Management:</u>				
Passed Through From Central Virginia All Hazards Incident Management Team:				
COVID-19 Relief - Emergency Response	21.019		80,823	
Total Coronavirus Relief Fund				487,264
Direct Payments:				
<u>Department of Treasury:</u>				
ARPA State & Local Fiscal Recovery Funds	21.027		946,673	
Passed Through the Commonwealth of Virginia:				
<u>Department of Accounts:</u>				
ARPA Municipal Utility Assistance Program	21.027		226,191	
COVID-19 State & Local Fiscal Recovery Funds Passed Through to:				
Richmond Convention and Visitors Bureau dba Richmond Regional Tourism	21.027		120,000	
<u>Department of Criminal Justice Services:</u>				
Coronavirus State & Local Fiscal Recovery Funds (11811)	21.027		17,515	
<u>Department of Education:</u>				
ARPA CSLFRF Ventilation Improvement Project	21.027		3,291,049	
Total American Rescue Plan Act (ARPA) Fund				4,601,428

① CFDA 10.555 Total \$9,197,703

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COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Program Clusters	Federal Expenditures
FEDERAL COMMUNICATIONS COMMISSION (FCC):			
ARPA Emergency Connectivity Fund Program	32.009		1,013,043
ENVIRONMENTAL PROTECTION AGENCY:			
Passed Through the Commonwealth of Virginia:			
<u>Virginia Department of Environmental Quality:</u>			
Chesapeake Bay Foundation	66.466		4,950
DEPARTMENT OF EDUCATION:			
Passed Through the Commonwealth of Virginia:			
<u>Department of Education:</u>			
Adult Education - Basic Grants to States (V002A200047)	84.002		111,579
Title I Grants to Local Educational Agencies (S010A180046, S010A190046, S010A200046)	84.010		802,175
Career and Technical Education - Basic Grants to States (V048A200046)	84.048		173,549
Special Education Grants to States (H027A180107, H027A190107, H027A200107)	84.027	② 3,488,069	
COVID-19 Part B, Section 611 ARP Flow-Through Subgrant (H027X210107)	84.027	② 521,118	
Special Education Preschool Grants (H173A200112)	84.173	③ 95,967	
ARPA Section 619 Preschool Subgrant Award (H173X210112)	84.173	③ 61,489	
Total Special Education Cluster (IDEA)		<u>61,489</u>	4,166,643
Special Education-Grants for Infants & Families (720-4515-17)	84.181	118,271	
ARPA Special Education-Grants for Infants & Families (720-4515-17)	84.181	<u>69,781</u>	
			188,052
English Language Acquisition State Grants (S365A190046)	84.365		17,880
Supporting Effective Instruction State Grants (S367A190044, S367A200044)	84.367		355,511
Title IV-A Student Support and Academic Enrichment (S424A190048, S424A200048)	84.424		134,145
COVID-19 CARES Act			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside (S425D200008)	84.425D	\$ 3,143,608	
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside for			
Addressing Unfinished Learning and Extended School Year (S425D210008)	84.425D	180,247	
COVID-19 Governor's Emergency Education Relief (GEER) State Set-Aside Fund (S425C200042)	84.425C	116,244	
COVID-19 Governor's Emergency Education Relief (ESSER) III State Set-Aside Fund (S425U210008)	84.425U	<u>940,082</u>	
Total COVID-19 State Set-Aside			4,380,181
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
Head Start (03CH011715)	93.600	1,135,155	
COVID-19 ARPA - Head Start	93.600	<u>100,716</u>	
			1,235,871
Passed Through the Commonwealth of Virginia:			
<u>Department of Social Services:</u>			
Guardianship Assistance	93.090		7,465
Title IV-E Prevention Services	93.472		6,907
Promoting Safe & Stable Families	93.556	31,034	
Promoting Safe & Stable Families - COVID-19	93.556	<u>976</u>	
			32,009
Temporary Assistance for Needy Families	93.558	<u>279,317</u>	
Total TANF Cluster			279,317
Refugee & Entrant Assistance State Administered Programs	93.566		8,995
Low-Income Home Energy Assistance	93.568		41,400
Community Based Child Abuse Prevention Grants	93.590		314
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	<u>63,999</u>	
Total CCDF Cluster			63,999
Chafee Education and Training Vouchers Program (ETV)	93.599		2,513
Stephanie Tubbs Jones Child Welfare Services Program	93.645		699
Foster Care Title IV-E	93.658		444,108
Adoption Assistance	93.659		293,802
Social Services Block Grant	93.667		318,510
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	6,612	
John H. Chafee Foster Care Program for Successful Transition to Adulthood - COVID-19	93.674	<u>20,821</u>	
			27,434

② CFDA 84.027 Total \$4,009,187

③ CFDA 84.173 Total \$157,456

(continued)

COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Program Clusters	Federal Expenditures
Passed Through the Commonwealth of Virginia:			
<u>Administration for Community Living:</u>			
Elder Abuse Prevention Interventions Program	93.747		4,395
<u>Department of Medical Assistance Services:</u>			
Children's Health Insurance Program	93.767		6,957
<u>Department of Medical Assistance Services:</u>			
Medical Assistance Program	93.778	<u>575,979</u>	
Total Medicaid Cluster			575,979
<u>Department of Behavioral Health and Developmental Services:</u>			
Opioid STR (530020090, 530030090, 530330090)	93.788		140,232
Block Grants for Community Mental Health Services (522000090, 501290090, 522000090)	93.958	98,427	
COVID-19: Block Grants for Community Mental Health Services	93.958	<u>22,500</u>	
			120,927
Block Grants for Prevention & Treatment of Substance Abuse (501690090, 501990090)	93.959		608,362
Passed Through the Hanover Cares Coalition:			
<u>Hanover Cares Coalition:</u>			
Drug-Free Communities Support Program Grants	93.276		5,930
DEPARTMENT OF HOMELAND SECURITY:			
Direct Payments:			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083		454,475
Passed Through the Commonwealth of Virginia:			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	97.042		22,973
			<u>\$ 37,259,238</u>

COUNTY OF HANOVER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of the County and its component units. The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies or not-for-profit organizations, is included on the Schedule.

2. BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, as described in Note I. C. to the County's basic financial statements. The information in this Schedule is 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 the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2022, the County participated in the following federal programs in which non-cash benefits were provided through the State to eligible participants:

National School Lunch Program – Cafeteria (Commodities) (CFDA Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Supplemental Nutrition Assistance Program (CFDA Number 10.551) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for Supplemental Nutrition Assistance benefit distribution. Due to the State administration of the EBT process, those benefits are not included in the Schedule.

COUNTY OF HANOVER, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported in the Annual Comprehensive Financial Report for the year ended June 30, 2022 as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
Primary Government:	
Governmental Activities:	
General	\$ 6,636,243
County Improvements	1,591,448
School Improvements	4,189,309
Total Governmental Activities	<u>12,417,000</u>
Business-type Activities:	
Public Utilities	499,371
Airport	901,483
Total Business-type Activities	<u>1,400,854</u>
Total Primary Government	<u>13,817,854</u>
Component Units:	
School Board	12,076,967
Cafeteria	11,364,417
Total Component Units	<u>23,441,384</u>
Total Federal expenditures	<u>\$ 37,259,238</u>

4. SUB-RECIPIENT PAYMENTS

The County expended \$120,000 to a recipient with funding received from the American Rescue Plan Act. See CFDA Number 21.027 in the Schedule for related information.

5. INDIRECT COST RATE

The County has not elected to use the 10% de minimus indirect cost rate discussed in UG Section 200.414.

COUNTY OF HANOVER, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

A. Summary of Auditor’s Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>AL Number</u>	<u>Name of Federal Program and Cluster</u>
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds
32.009	Emergency Connectivity Fund
84.425	C - COVID-19 Governor’s Emergency Education Relief (GEER) Fund D - COVID-19 Elementary and Secondary Education Emergency Relief (ESSER) Fund U - COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
93.600	Head Start

10. Dollar threshold used to distinguish between type A and type B programs: **\$1,117,777**
11. Auditee qualified as a low-risk auditee under Section 530 of Uniform Guidance: **Yes**

B. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

None reported.

C. Findings and Questioned Costs Relating to Federal Awards

None reported.

COUNTY OF HANOVER, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2022-001 – Conflict of Interest (Repeat Area of Non-compliance – See Finding 2021-001)

Criteria: Section 2.2-3115 of the Code of Virginia (the “Code”) requires members of local boards, commissions, and councils, and employees meeting defined criteria to, upon assuming office and annually thereafter, file financial disclosure documents. In accordance with the requirements set forth in Section 2.2-3118.2 of the Code, such disclosure shall be filed as a condition prior to assuming office or employment and, thereafter, shall be filed annually with the clerk of the governing body of such county on or before February 1.

Condition: Of the fifty-five (55) officials and employees tested who filed a completed disclosure package, we noted one (1) official who took office during fiscal year 2022 and did not file a completed disclosure package before taking office.

Cause: A completed disclosure package was not filed before taking office.

Effect: The County is not in compliance with Section 2.2-3115 of the Code and non-compliance may result in action by the Commonwealth.

Questioned Cost: Non-financial.

Recommendation: Local government officials and employees should file a complete disclosure package in accordance with Section 2.2-3118.2 of the Code.

Views of Responsible Officials and Planned Corrective Actions: The County is committed to obtaining and filing timely and accurate disclosure forms. Officials receive multiple notifications of filing deadlines, and the County will continue to reiterate and monitor the deadlines and requirements stipulated in the Code .

2022-002 – Special Welfare and Dedicated SSI Accounts

Criteria: The Treasurer and the Local Department of Social Services (the “LDSS”) maintain a detailed subsidiary ledger to identify each child’s balance in a pooled special welfare bank account. Section 63.2-320 of the Code requires the special welfare account to be reconciled monthly with the detailed subsidiary ledger.

Condition: Of the two (2) monthly reconciliations (September 2021 and March 2022) selected for testing, one (1) of the months (March 2022) was not reconciled until July 2022.

Cause: Special welfare account was not reconciled timely with the detailed subsidiary ledger.

Effect: The County is not in compliance with Section 63.2-320 of the Code and non-compliance may result in action by the Commonwealth.

Questioned Cost: Non-financial.

Recommendation: The Treasurer and LDSS should reconcile the special welfare account with the detailed subsidiary ledger monthly and in accordance with Section 63.2-320 of the Code.

Views of Responsible Officials and Planned Corrective Actions: The County is committed to performing timely reconciliations, including the Special welfare account. The noted lapse occurred during a period of staffing turnover. The LDSS has communicated the importance of these reconciliations to the respective personnel. Additionally, they will identify and train alternate staff members to perform these reconciliations, ensuring they will be completed timely going forward.

COUNTY OF HANOVER, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

2022-003 – Special Welfare and Dedicated SSI Accounts

Criteria: Section 63.2-320 of the Code requires the receipt of special welfare funds to be credited accurately and timely, typically a month, to each participant's respective subledger in the special welfare account.

Condition: Of the four (4) individuals receiving special welfare funds selected for testing, two (2) participants receiving supplemental support payments from outside sources in March 2022 did not have these funds credited to their respective special welfare accounts until May 2022.

Cause: Special welfare funds were not credited timely to the special welfare account subledger.

Effect: The County is not in compliance with Section 63.2-320 of the Code and non-compliance may result in action by the Commonwealth.

Questioned Cost: Non-financial.

Recommendation: Special welfare funds should be credited accurately and timely to the special welfare account and in accordance with Section 63.2-320 of the Code.

Views of Responsible Officials and Planned Corrective Actions: The County is committed to applying special welfare funds to their respective participant accounts. The identified lapse occurred during a time of staffing turnover. The LDSS has communicated the importance of this administration to the respective personnel. Additionally, they will identify and train alternate staff members on the special welfare account to ensure funds are credited in a timely manner.

2022-004 – Information Systems Security Controls – Terminated Users

Criteria: In accordance with Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia, when a user leaves the LDSS, their access privileges must be immediately removed from all Virginia Department of Social Services systems they were authorized to use.

Condition: Of the two (2) employees with application access selected for testing, one (1) employee did not have their access privileges removed immediately upon termination.

Cause: Lack of training and no standard process in place to ensure all employees' access to system applications are terminated timely upon termination.

Effect: The County is not in compliance with Section 3-15 of the Specifications and non-compliance may result in action by the Commonwealth.

Questioned Cost: Non-financial.

Recommendation: The County should update the exit interview checklist to include a statement to notify the systems administrator when an employee resigns, the date of the resignation, and that the system access must be removed within three business days.

Views of Responsible Officials and Planned Corrective Actions: Hanover LDSS is committed to overseeing security protocol, including removing access for terminated individuals. When an employee leaves, an exit interview checklist is completed, the employee relinquishes their equipment and LDSS removes their access to the building. As such, the employee noted no longer had access to equipment or the network to allow them to gain access to Hanover's systems. Hanover LDSS will revise the exit interview checklist to incorporate a statement that the systems administrator is responsible for removing the employee's access within three business days of their departure, ensuring that anyone new to a supervisor position will be aware of the requirements.

COUNTY OF HANOVER, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

E. Status of Prior Year Findings

2021-001 – Conflict of Interest – Non-compliant filing – repeated, see 2022-001