

STAFFORD COUNTY, VIRGINIA

**COMPLIANCE AUDIT PURSUANT TO
2 CFR PART 200 (SINGLE AUDIT REPORT)**

For the Fiscal Year Ended June 30, 2020

(With Reports of Independent Auditor Thereon)

STAFFORD COUNTY, VIRGINIA
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**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the County Board
Stafford County, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stafford County, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
January 22, 2021

**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 County Board
Stafford County, Virginia

Report on Compliance for Each Major Federal Program

We have audited Stafford County, Virginia's (the "County") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise County's basic financial statements. We issued our report thereon dated January 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

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.

Cherry Bekaert LLP

Tysons Corner, Virginia
March 12, 2021

COUNTY OF STAFFORD, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Recipient State Agency/Program Title	CFDA Number	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Social Services			
State Administrative Matching Grants for			
Food Stamp Program	10.561	0010113-90103	<u>\$ 949,349</u>
		0010113-90223	
		0040113-90104	
		0040113-90224	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 949,349</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Payments:			
Cares Act Provider Relief Fund	93.498	not applicable	84,316
Pass Through Payments:			
Department of Social Services			
Social Services Block Grant	93.667	1000113-90648	342,785
		1000113-90335	
		1000113-90340	
		1000113-90123	
		1000113-90124	
		1000113-90240	
		1000113-90242	
		1000113-90243	
		1000113-90244	
		1000113-90245	
		1000113-90246	
		1000113-90262	
		1000113-90351	
		1000113-90379	
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	0760113-90116	86,487
		0760113-90117	
		0760113-90118	
		0760113-90236	
		0760113-90237	
		0760113-90238	
		0760113-90529	
Administration for Children and Families			
Child Welfare Services - State Grants	93.645	0900113-90251	788

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Recipient State Agency/Program Title	CFDA Number	Pass-through Agency Identifying Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)			
Pass Through Payments:			
Department of Social Services			
Temporary Assistance for Needy Families	93.558	0400113-90109 0400113-90110 0400113-90111 0400113-90112 0400113-90127 0400113-90229 0400113-90230 0400113-90231 0400113-90232 0400113-90247 0400113-90249 0400113-90365 0400113-90377	\$ 443,707
Promoting Health and Stable Families	93.556	950113-91129	4,642
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113-90623 0500113-90113 0500113-90233	18,883
Low-Income Home Energy Assistance	93.568	0600413-90114 0600413-90115 0600413-90234 0600413-90235	79,414
Foster Care Title IV-E	93.658	1100113-90639 1100113-90658 1100113-90105 1100113-90106 1100113-90147 1100113-90225 1100113-90226 1100113-90227 1100113-90253 1100113-90258 1100113-90267 1100113-90268	501,956
Adoption Assistance	93.659	1120113-90606 1120113-90607 1120113-90228	514,708
Chafee Foster Care Independence Program	93.674	9150113-90254 9150113-90356	5,160
State Children's Insurance Program	93.767	0540113-90102 0540113-90222	17,684
Medical Assistance Program (Medicaid; Title XIX)	93.778	1200113-90101 1200113-90146 1200113-90221 1200112-90266	<u>1,015,204</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ <u>3,115,734</u>

COUNTY OF STAFFORD, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Recipient State Agency/Program Title	CFDA Number	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	\$ 33,530
Equitable Sharing Program	16.922	not applicable	214,808
Pass Through Payments:			
Office for Victims of Crime	16.575	19-V9564VW17	<u>145,553</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 393,891</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Highway Administration			
Highway Planning and Construction	20.205	not applicable	364,277
Pass Through Payments:			
Department of Motor Vehicles			
State and Community Highway Safety (Section 402)	20.600	SC2014-54108-5356	11,768
Selective Enforcement - Alcohol	20.601	K8-2013-53164-4879	17,851
Selective Enforcement - Occupant Protection	20.602	K2-2013-53165-4880	<u>7,905</u>
Total Highway Safety Cluster			<u>37,524</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 401,801</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments:			
Department of Emergency Management			
Emergency Management Performance Grant	97.042	2010-EP-EO-0039	<u>73,381</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 73,381</u>
U.S. DEPARTMENT OF TREASURY			
Direct Payments:			
QSCB Interest	21.UNK	not applicable	65,462
Pass Through Payments:			
Cares Act-Coronavirus Relief Fund	21.019		<u>964,522</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ 1,029,984</u>
GRAND TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 5,964,140</u>

See notes to the schedule of expenditures of federal awards

COUNTY OF STAFFORD, VIRGINIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Significant Accounting Policies

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule" of SEFA) includes the federal award activity of Stafford County, Virginia (the "County") under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the SEFA.

Pass Through Payments – Assistance received in a pass through relationship from entities other than the Federal government is classified as pass through payments on the SEFA.

Major Programs – The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County were determined using a risk-based approach in accordance with the requirements of Uniform Guidance.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying SEFA.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs.

The County's Stafford County Public Schools Component Unit has a separate Single Audit. They issue a separate set of financial statements which includes an audit of Federal awards.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

Stafford County does not pass through any federal funds to subrecipients.

**Stafford County, Virginia
Schedule of Findings and Questioned Costs
June 30, 2020**

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

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance Program (Medicaid)
21.019	Coronavirus Relief Funds

10. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
11. Auditee qualified as low-risk auditee? **No**

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

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

**Stafford County, Virginia
Schedule of Findings and Questioned Costs
June 30, 2020**

D. Status of Prior Year Findings

Finding 2019-001 - Material Weakness in Internal Control over Financial Reporting – Capital Assets

Status: Corrective action implemented

Finding 2019-002 - Significant Deficiency and Non-Material Noncompliance – Eligibility for the Medicaid Assistance Program (CFDA 93.778)

Status: Corrective action implemented

Finding 2019-003 - Material Weakness and Material Noncompliance – Eligibility and Special Tests and Provisions for the Temporary Assistance for the Needy Families Program (CFDA 93.558)

Status: Corrective action implemented

Finding 2019-004 - Significant Deficiency – Activities Allowed or Unallowed and Allowable Cost Principles for the Temporary Assistance for the Needy Families Program (CFDA 93.558) and the Medicaid Assistance Program (CFDA 93.778)

Status: Corrective action implemented