

COUNTY OF HANOVER, VIRGINIA
SINGLE AUDIT AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2023



ASSURANCE, TAX & ADVISORY SERVICES

COUNTY OF HANOVER, VIRGINIA

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COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2023

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	\$ 514,595	
<u>Department of Education:</u>				
School Breakfast Program	10.553		736,529	
National School Lunch Program	10.555	①	2,733,524	
COVID-19 Supply Chain Assistance	10.555	①	414,084	
Total Child Nutrition Cluster				\$ 4,398,732
<u>Department of Health:</u>				
Child & Adult Care Food Program	10.558			37,217
<u>Department of Social Services:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		1,087,072	
Total SNAP Cluster				1,087,072
DEPARTMENT OF DEFENSE:				
Direct Payments:				
JROTC	12.000			254,617
DEPARTMENT OF JUSTICE:				
Direct Payments:				
Equitable Sharing Program	16.922			117,968
Passed Through the Commonwealth of Virginia:				
<u>Department of Criminal Justice Services:</u>				
COVID-19 Coronavirus Emergency Supplemental Funding Program (10245, 9893)	16.034			30,870
Crime Victim Assistance (21-X9600VW19, 21-Z8854CA21)	16.575			150,654
Edward Byrne Memorial Justice Assistance Grant Program (2018-DJ-BX-0728)	16.738			4,530
DEPARTMENT OF TRANSPORTATION:				
Direct Payments:				
Federal Aviation Administration:				
Airport Improvement Program	20.106		2,550,182	
ARPA Airport Improvement Program	20.106		271,302	
ARPA Airport Rescue Grant	20.106		59,000	
				2,880,484
Passed Through the Commonwealth of Virginia:				
<u>Department of Transportation:</u>				
Highway Planning & Construction	20.205		2,895,053	
Transportation Alternatives (TA) Program	20.205		34,166	
Total Highway Planning and Construction				2,929,219
<u>Department of Rail & Public Transportation:</u>				
Enhanced Mobility of Seniors & Individuals with Disabilities (VA-2020-047)	20.513		316,009	
Operation of Transportation Services to Seniors and Individuals with Disabilities - ARPA funds	20.513		4,473	
Total Transit Services Programs Cluster				320,482
<u>Department of Motor Vehicles:</u>				
Police Traffic Services	20.600		38,157	
Total Highway Safety Cluster				38,157
Alcohol Open Container Requirements	20.607			79,809
DEPARTMENT OF TREASURY:				
Passed Through the Commonwealth of Virginia:				
Direct Payments:				
Department of Treasury:				
ARPA State & Local Fiscal Recovery Funds	21.027		2,769,235	
Passed Through the Commonwealth of Virginia:				
<u>Department of Housing and Community Development:</u>				
Virginia Telecommunication Initiative (VATI) Grant	21.027		3,631,563	
<u>Department of Criminal Justice Services:</u>				
Coronavirus State & Local Fiscal Recovery Funds (11811)	21.027		12,485	
<u>Virginia Department of Behavioral Health and Developmental Services:</u>				
State and Local Fiscal Recovery Fund - STEP-VA Services				
for Case Management, Care Coordination and Psychiatric Rehabilitation	21.027		105,915	
<u>Department of Social Services</u>				
Coronavirus State & Local Fiscal Recovery Funds	21.027		7,666	
Total American Rescue Plan Act (ARPA) Fund				6,526,864
① ALN 10.555 Total \$3,662,203				

(continued)

COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2023

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		91,100
DEPARTMENT OF EDUCATION:			
Passed Through the Commonwealth of Virginia:			
<u>Department of Education:</u>			
Adult Education - Basic Grants to States (V002A200047)	84.002		108,657
Title I Grants to Local Educational Agencies (S010A180046, S010A190046, S010A200046)	84.010		1,012,327
Career and Technical Education - Basic Grants to States (V048A200046)	84.048		173,990
Special Education Grants to States (H027A180107, H027A190107, H027A200107)	84.027	② 3,180,108	
COVID-19 Part B, Section 611 ARP Flow-Through Subgrant (H027X210107)	84.027	② 319,846	
Special Education Preschool Grants (H173A200112)	84.173	87,567	
Total Special Education Cluster (IDEA)			3,587,521
Special Education-Grants for Infants & Families (720-4515-17)	84.181	144,201	
			144,201
English Language Acquisition State Grants (S365A190046)	84.365		99,100
Supporting Effective Instruction State Grants (S367A190044, S367A200044)	84.367		184,704
Title IV-A Student Support and Academic Enrichment (S424A190048, S424A200048)	84.424		73,354
COVID-19 State Set-Aside			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside	84.425D	598,076	
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside for			
Addressing Unfinished Learning and Extended School Year (S425D210008)	84.425D	144,299	
COVID-19 Governor's Emergency Education Relief (GEER) State Set-Aside Fund (S425C200042)	84.425C	30,271	
COVID-19 Governor's Emergency Education Relief (ESSER) III State Set-Aside Fund (S425U210008)	84.425U	8,397,947	
Total COVID-19 State Set-Aside			9,170,593
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
Head Start (03CH011715)	93.600	1,085,689	
COVID-19 ARPA - Head Start	93.600	56,518	
Total Head Start Cluster			1,142,207
Passed Through the Commonwealth of Virginia:			
<u>Department of Education:</u>			
School-Based Health Workforce Grant (NU90TP922153)	93.354		142,939
<u>Department of Social Services:</u>			
Guardianship Assistance	93.090		14,465
Title IV-E Prevention Services	93.472		20,874
Promoting Safe & Stable Families	93.556	21,953	
Promoting Safe & Stable Families - COVID-19	93.556	7,590	
			29,543
Temporary Assistance for Needy Families	93.558		319,423
Refugee & Entrant Assistance State Administered Programs	93.566		2,147
Low-Income Home Energy Assistance	93.568		55,755
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	70,182	
Total CCDF Cluster			70,182
Stephanie Tubbs Jones Child Welfare Services Program	93.645		301
Foster Care Title IV-E	93.658		489,950
Adoption Assistance	93.659		285,118
Social Services Block Grant	93.667		308,716
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	8,470	
John H. Chafee Foster Care Program for Successful Transition to Adulthood - COVID-19	93.674	706	
			9,176

② ALN 84.027 Total \$3,499,954

(continued)

COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2023

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		17,331
<u>Department of Medical Assistance Services:</u>			
Children's Health Insurance Program	93.767		6,465
<u>Department of Medical Assistance Services:</u>			
Medical Assistance Program	93.778	605,471	
Total Medicaid Cluster			605,471
<u>Department of Behavioral Health and Developmental Services:</u>			
Opioid STR (530020090, 530030090, 530330090)	93.788		39,524
Block Grants for Community Mental Health Services (522000090, 501290090, 522000090)	93.958		116,063
Block Grants for Prevention & Treatment of Substance Abuse (501690090, 501990090)	93.959		363,379
Passed Through the Hanover Cares Coalition:			
<u>Hanover Cares Coalition:</u>			
Drug-Free Communities Support Program Grants	93.276		4,295
DEPARTMENT OF HOMELAND SECURITY:			
Direct Payments:			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083		168,450
Passed Through the Commonwealth of Virginia:			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	97.042		22,997
Assistance to Firefighters Grant Program	97.044		605,466
Homeland Security Grant Program	97.067		240,334
			<u>\$ 38,582,791</u>

COUNTY OF HANOVER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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, 2023, 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 10.561) – 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, 2023

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported in the reporting entity financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
Primary Government:	
Governmental Activities:	
General	\$ 4,979,477
County Improvements	9,935,483
School Improvements	3,461,100
Total Governmental Activities	<u>18,376,059</u>
Business-type Activities:	
Public Utilities	187,220
Non-major - Airport	2,880,484
Total Business-type Activities	<u>3,067,704</u>
Total Primary Government	<u>21,443,763</u>
Component Units:	
School Board	12,740,296
Cafeteria	4,398,732
Economic Development Authority	-
Total Component Units	<u>17,139,028</u>
Total Federal expenditures	<u>\$ 38,582,791</u>

4. SUB-RECIPIENT PAYMENTS

The County did not expend any funds to a subrecipient during the fiscal year ended June 30, 2023.

5. INDIRECT COST RATE

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

**INDEPENDENT AUDITOR'S 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***

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 (*Government Auditing Standards*); 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 (County), as of and for the year ended June 30, 2023, 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 30, 2023.

Report on 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.

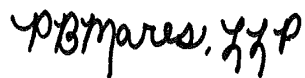
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 entity'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.

Handwritten signature in black ink, appearing to read "P. B. Mares, LLP".

Harrisonburg, Virginia
November 30, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 (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, 2023. 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 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 in 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 (*Government Auditing Standards*); 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 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 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 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 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 we considered 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 County as of and for the year ended June 30, 2023, and have issued our report thereon dated November 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion 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 GAAS. 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.

ppmres. zyp

Harrisonburg, Virginia
November 30, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> √ </u> None Reported

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> √ </u> No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> √ </u> None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u> </u> Yes	<u> √ </u> No
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Identification of major programs:

Federal Assistance	
Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
20.106	Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Child Nutrition	
Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program – Cafeteria (Commodities)
10.555	National School Lunch Program
10.555	COVID-19 Supply Chain Assistance
SNAP Cluster:	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards (Continued)

Identification of major programs (continued):

Federal Assistance	
Listing Number	Name of Federal Program or Cluster
Education	
Stabilization Fund:	
84.425 C	COVID-19 Governor's Emergency Education Relief (GEER) State Set-Aside Fund
84.425 D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside
84.425 D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) State Set-Aside for Addressing Unfinished Learning and Extended School Year
84.425 U	COVID-19 Governor's Emergency Education Relief (ESSER) III State Set-Aside Fund
Special Education	
Cluster:	
84.027	Special Education Grants to States
84.027	COVID-19 Part B, Section 611 ARP Flow-Through Subgrant
84.173	Special Education Preschool Grants

Dollar threshold used to distinguish between type A and type B programs \$1,157,484

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

BOARD OF SUPERVISORS

W. CANOVA PETERSON, CHAIR
MECHANICSVILLE DISTRICT

SUSAN P. DIBBLE, VICE-CHAIR
SOUTH ANNA, DISTRICT

SEAN DAVIS
HENRY DISTRICT

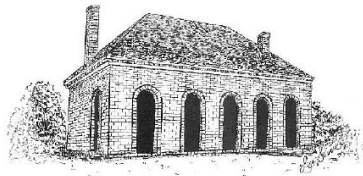
F. MICHAEL HERZBERG IV
COLD HARBOR DISTRICT

S. BRENT HELMICK
CHICKAHOMINY DISTRICT

J. ROBERT MONOLO
BEAVERDAM DISTRICT

FAYE O. PRICHARD
ASHLAND DISTRICT

JOHN A. BUDESKY
COUNTY ADMINISTRATOR



HANOVER COURTHOUSE

HANOVER COUNTY

ESTABLISHED IN 1720

**DEPARTMENT OF FINANCE AND
MANAGEMENT SERVICES**

AMANDA L. SIX
DIRECTOR

P. O. BOX 470
7507 LIBRARY DRIVE
HANOVER, VA 23069

SHELLY H. WRIGHT
BUDGET DIVISION DIRECTOR

LAUREN K. NULL
FINANCE DIVISION DIRECTOR

STEVEN K. RUSCH
PURCHASING DIVISION DIRECTOR

PHONE: 804-365-6015
FAX: 804-365-6100
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023****A. 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 – Finding 2021-001)**

Criteria: Section 2.2-3115 of the *Code of Virginia* (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: 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 (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.

A. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants (Continued)

2022-002 – Special Welfare and Dedicated SSI Accounts (Continued)

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: 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.

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: 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.

A. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants (Continued)

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* (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: 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.