SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA

COMPLIANCE REPORT

For the Year Ended June 30, 2022

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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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
School Board of the City of Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control over Financial Reporting

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

Cherry Bekaert LLP

Richmond, Virginia
March 31, 2023

Cherry Bekaert
Your Guide Forward

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
School Board of the City of Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the School Board of the City of Richmond, Virginia's (the "School Board") 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 School Board's major federal programs for the year ended June 30, 2022. The School Board'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 School Board 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 School Board 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 School Board'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 School Board'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 School Board'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 School Board'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 School Board'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 School Board'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 School Board'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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated November 18, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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 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.

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

Richmond, Virginia
March 31, 2023

Cherry Bekaert
Your Guide Forward

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

To the Honorable Members of the
School Board of the City of Richmond, 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, each major fund, and the aggregate remaining fund information of the School Board of the City of Richmond, Virginia (the "School Board"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 18, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of the School Board'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:

Code of Virginia	State Agency Requirements
Budget and Appropriation Laws	Education
Conflicts of Interest	
Procurement	

The results of our tests disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with the Specifications, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-01.

School Board's Response to Finding

The School Board's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 School Board's compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Richmond, Virginia
March 31, 2023

SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

	Federal Catalog Number	Pass thru Entity Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF DEFENSE				
Direct Payments:				
Army ROTC	12.000			$ 536,943
Total Department of Defense				536,943
DEPARTMENT OF AGRICULTURE				
Passed Through Virginia Department of Education:				
SNP Seamless Summer Option (SSO) Breakfast	10.553	202222N119941	2,988,573	
CN SNP COVID Emergency Cost	10.555	202121H170341	629,443	
SNP SCA Funds	10.555		278,409	
SNP Seamless Summer Option (SSO) Lunch	10.555	202121N119941	8,083,091	
Summer Food School Program (SFSP)	10.559	202121N119941	1,101,658	
Total for Child Nutrition Cluster				13,081,174
Cash in Lieu of USDA Foods for CACFP	10.558			1,715,092
Child and Adult Care Food Program/Emergency Operating Funds CACFP Meals	10.558	202120N109941/202121H170641/202121N119941/202121 N202041/202221N119941/202221N202041/202222N11994 1/202222N202041		1,277,839
State Administrative Expenses for Children	10.560	202222N253341		6,745
NSLP Equipment Expenses for Children	10.579	202020N810341		29,980
PEBT Administrative Funds	10.649	202121S900941		5,814
Total Department of Agriculture				16,116,643
DEPARTMENT OF EDUCATION				
Direct Payments:				
Impact Aid	84.041			22,793
Arts in Education	84.351	U351C170099		229,731
VCU Teacher Residency	84.405			78,000
Passed Through Virginia Department of Education:				
Adult Education - State Grant Program	84.002	V002A190047/V002A200047/V002A210047		1,334,156
Title I Grants to Local Educational Agencies	84.010	S010A180046/S010A190046/S010A200046/S010A210046		17,942,836
Special Education - Grants to States	84.027	H027A190107/H027A200107/H027A210107	6,663,492	
IDEA/American Rescue Plan Act of 2021	84.027X	H027X210107	405,190	
IDEA/ARP - Preschool	84.173X	H173X210112	37,384	
Special Education - Preschool Grants	84.173	H173A190112/H173A200112	134,182	
Total for Special Education Cluster (IDEA)				7,240,248

See Notes to Schedule of Expenditures of Federal Awards.

SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2022

	Federal Catalog Number	Pass thru Entity Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF EDUCATION (continued)				
Career & Technical Education - Basic Grants to States	84.048	V048A200046/V048A210046		$ 719,199
Twenty-First Century Community Learning Centers	84.287	S287C200047/S287C210047		327,764
English Language Acquisition Grants	84.365	S365A190046/S365A200046/S365A210046		280,311
Improving Teacher Quality State Grants	84.367	S367A180044/S367A190044/S367A200044/S367A210044		1,491,792
Student Support and Academic Enrichment	84.424	S424A180048/S424A190048/S424A200048/S424A210048		1,214,506
CARES Act ESSERF	84.425	S425D200008/S425C200042		1,865,232
CARES Act ESSER II	84.425 D	S425D210008		34,879,563
CARES ACT ESSER III	84.425 U	S425U210008		31,862,462
Passed Through the College of William and Mary:				
Education for Homeless Children and Youth	84.196	G123-20		161,917
ARP-HCY	84.425W	S425W210048		51,200
Passed Through Virginia Commonwealth University				
School Leadership	84.363	PT103454-SC102856		15,557
Cardiovascular Diseases Research	93.837	1U01HL138682-01		10,404
Total Department of Education				99,727,670
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Payment:				
Head Start	93.600	03CH010630-03-01		7,464,365
Passed Through Virginia Department of Health				
VDH VISSTA	93.323	RICST610-GY22		117,030
				7,581,395
Total Federal Awards				$ 123,962,652

See Notes to Schedule of Expenditures of Federal Awards.

Note 1—Summary of significant accounting policies

Reporting Entity – The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal award programs administered by the School Board of the City of Richmond, Virginia (the "School Board"). The School Board's reporting entity is defined in Note 1(b) of the School Board's basic financial statements.

Basis of Presentation – The information in the Schedule is presented in accordance with the requirements of 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. Federal award program titles are reported as presented in the Assistance Listing Number in effect for the year in which the award was granted.

Basis of Accounting – The Schedule has been prepared on the modified accrual basis of accounting as defined in Note 1 (e) of the School Board's basic financial statements. Federal award programs include direct expenditures and monies passed through to other governmental entities (i.e., payments to subrecipients). In addition, included within the Department of Agriculture section is non-monetary assistance in the form of donated commodities totaling $476,245.The Department of Defense also contributed commodities of $797,518.

Note 2—Relationship to federal financial reports

The regulation and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

Note 3—Indirect costs

The School Board has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4—Subrecipient payments

Of the federal expenditures presented in the Schedule, the School Board provided federal awards to subrecipients as follows:

Program Title	Assistance Listing Number	Subrecipients
Head Start	93.600	$3,620,979

(1) Summary of Auditor's Results

a. The type of report issued on the financial statements: Unmodified

b. Significant deficiencies in internal control disclosed by the audit of the financial statements: None reported

c. Material weakness in internal control disclosed by the audit of the financial statements: No

d. Noncompliance which is material to the financial statements: No

e. Significant deficiencies in internal control over the major program: None reported

f. Material weakness in internal control over the major program: No

g. The type of report issued on compliance for the major program: Unmodified

h. Any audit findings which are required to be reported under the Uniform Guidance: No

i. Major program:

- Child Nutrition Cluster (Assistance Listing Number 10.559, 10.553, 10.555)
- CARES Act Education Stabilization Funds (Assistance Listing Number 84.425)
- Head Start (Assistance Listing Number 93.600)

j. Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

k. Auditee qualified as low-risk auditee: No

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

(3) Findings and Questioned Costs Relating to Federal Awards

None noted.

(4) Findings and Questioned Costs Related to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2022-001: Non-material Noncompliance – Procurement

***Criteria*:** Chapter 3-8 of the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, requires that the School Boards' purchases be in accordance with the Virginia Public Procurement Act (Chapter 43 (Section 2.2-4300 et. seq.) of Title 2.2 of the Code of Virginia) or in accordance with alternative policies that a locality has established in writing and adopted by ordinance. "Best Value" is defined in Virginia Code Section 2.2-4.300 as the "overall combination of quality, price and various elements of required services that in total are optimal relative to a public body's needs. The code section also indicates "The criteria, factors, and basis for consideration of best value and the process for the consideration of best value shall be stated in the procurement solicitation."

Condition: Of the 25 procurement samples selected, 23 bids were awarded to vendors where documentation was not maintained to support the selection of vendor based on the criteria defined in the procurement solicitation and, therefore, were not in compliance with the Virginia Procurement Act.

***Cause*:** Best value determinations and contract award supporting documentation is not maintained.

Effect: Non-compliance with the Virginia Public Procurement Act, and the Public Private Education Facilities and Infrastructure Act of 2002 could result in a direct and material effect on the financial statement amounts.

Recommendation: The School Board should implement corrective action to ensure compliance with the Virginia Procurement Act.

Views of Responsible Officials and Planned Corrective Action:

- ***Contact Person*:** Tammie Lett-Chalmers, Director of Procurement (as of March 2022)
- ***Corrective Action*:** As of May 2022, a clear and concise justification documentation template with specific information as to when the cost justification is required was implemented. The form is required in the following instances:

    - A written price reasonableness determination is required to determine if bid or offered prices are fair and reasonable upon award (even when competitive), including when:

        a. Competition is restricted or lacking,
        b. Prices offered do not appear to be fair and reasonable,
        c. Sole source procurements (over $10,000.00)
        d. Single response (Quote, bid or offer) received
        e. Contract changes/modifications
        f. Contract renewals
        g. Co-Operative Agreements

    - Why competition was not used
    - Price Reasonableness determination
    - Summary of Price Reasonableness: (This summary should include ALL factors used to determine this purchase fair and reasonable.)

***Anticipated Completion Date*:** April 2023

(5) Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

The prior year single audit report has not been issued; however, the finding 2021-01 Head Start Subrecipient monitoring was tested and remediated in 2022.