SCHOOL BOARD OF THE CITY OF RICHMOND, VIRGINIA

COMPLIANCE REPORT

For the Year Ended June 30, 2024

And Reports of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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COMPLIANCE REPORT

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Cherry Bekaert LLP
Your Guide Forward

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
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"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2024, 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 December 30, 2024. Our report included an emphasis paragraph indicating that the beginning net position of the governmental activities and the Capital Projects Fund's fund balance have been restated.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-001, that we consider to be a material weakness.

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* and one instance of noncompliance that is required to be reported under the *Specifications for Audits of Counties, Cities, and Towns*, which is described in the accompanying Schedule of Findings and Responses as item 2024-002.

School Board's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Board's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The School Board's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
December 30, 2024

Cherry Bekaert LLP
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 School Board's major federal programs for the year ended June 30, 2024. 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 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Schools Board's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Schools Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Board's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 2024, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated December 30, 2024, 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.

Cherry Bekaert LLP

Richmond, Virginia
October 31, 2025

Cherry Bekaert LLP
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, 2024, 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 December 30, 2024.

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 2024-002.

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
October 31, 2025

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

YEAR ENDED JUNE 30, 2024

	Federal Catalog Number	Pass thru Entity Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF DEFENSE				
Direct Payments:				
Army ROTC	12.000			$ 515,339
Total Department of Defense				515,339
DEPARTMENT OF AGRICULTURE				
Passed Through Va. Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555		1,145,435	
Passed Through Virginia Department of Education:				
SNP Seamless Summer Option (SSO) Breakfast	10.553	202323N119941/202424N119941	4,720,829	
SNP Seamless Summer Option (SSO) Lunch	10.555	202323N119941/202322N890341/202424N119941/202323N8903	10,622,802	
Fresh Fruit & Vegetables Program	10.582	202320L160341/202423L160341	574,093	
Total for Child Nutrition Cluster				17,063,158
Cash in Lieu of USDA Foods for CACFP	10.558	202323N119941/202323N202041/202424N119941/202424N20 2041		1,054,193
NSLP Equipment Assistance Grant	10.649	202020N810341		106,915
Total Department of Agriculture				18,224,267
DEPARTMENT OF EDUCATION				
Direct Payments:				
Impact Aid	84.041			94,774
Passed Through Virginia Department of Education:				
Adult Education - State Grant Program	84.002	V002A210047/V002A220047/V002A230047		962,992
Title I Grants to Local Educational Agencies	84.010	S010A200046/S010A210046/S010A220046/S010A230046		16,571,986
Title I State Agency Program for Neglected and Delinquent Children	84.013	S013A210046		57,912
Special Education - Grants to States	84.027	H027A210107/H027A220107/H027A230107	6,286,076	
Special Education - Preschool Grants	84.173	H173A210112/H173A220112	162,093	
COVID 19 - IDEA/American Rescue Plan Act of 2021	84.027X	H027X210107	20,358	
COVID 19 - IDEA/ARP - Preschool	84.173X	H173X210112	47,322	
Total for Special Education Cluster (IDEA)				6,515,849
Career & Technical Education - Basic Grants to States	84.048	V048A220046		742,856
Twenty-First Century Community Learning Centers	84.287	S287C210047/S287C220047/S287C230047		753,490
English Language Acquisition Grants	84.365	S365A200046/S365A210046/S365A220046/S365A230046		395,688
Improving Teacher Quality State Grants	84.367	S367A200044/S367A210044/S367A220044/S367A230044		1,164,349

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, 2024

	Federal Catalog Number	Pass thru Entity Identifying Number	Program Clusters	Federal Expenditures/ Expenses
DEPARTMENT OF EDUCATION (continued)				
Passed Through Virginia Department of Education (continued):				
Student Support and Academic Enrichment	84.424	S424A200048/S424A210048/S424A220048		1,045,398
COVID 19 - CARES Act ESSER II	84.425 D	S425D210008		1,462,630
COVID 19 - CARES ACT ESSER III	84.425 U	S425U210008		45,482,957
COVID 19 - Coronavirus State and Local Fiscal Recvoery Funds (ARPA)	21.027	SLFRP1026		1,582,258
Public Health Emergency Response	93.354	NU90TP922153		98,057
Passed Through the College of William and Mary:				
Education for Homeless Children and Youth	84.196	G123-22		50,771
ARP-HCY	84.425W	S425W210048		232,928
Total Department of Education				77,214,897
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Payment:				
Head Start	93.600	03CH010630-05	9,004,641	
Total for Head Start Cluster				9,004,641
Total Federal Awards				$ 104,959,143

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").

Basis of Presentation – The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the School Board's 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. 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 $1,058,655. The Department of Defense also contributed commodities of $515,402.

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 a subrecipient as follows:

Program Title	Assistance Listing Number	Subrecipients
Head Start	93.600	$1,328,777

Note 5—Commitments and contingencies

The School Board receives federal loan funds. Such funds are subject to approval by the grantor agencies, and deficiencies, if any, are the responsibility of the School Board.

The School Board has the usual obligation of contractor performance in connection with contract for work performed and to be performed. Management does not anticipate any significant losses in connection with these obligations.

(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: **No**

c. Material weakness in internal control disclosed by the audit of the financial statements: **Yes**

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

e. Significant deficiencies in internal control over the major program: **Yes, Finding 2024-003 and 2024-004**

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: **Yes**

i. Major program:
   - COVID 19 – CARES Act Education Stabilization Fund (Assistance Listing Number 84.425 including D/U/W)
   - COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ARPA) (Assistance Listing Number 21.027)
   - Special Education Cluster (IDEA) (Assistance Listing Number 84.027-CL)

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*

2024-001: Material Weakness – Internal Control over Financial Reporting – Annual External Financial Reporting in Accordance with Accounting Principles Generally Accepted in the United States of America ("U.S. GAAP")

Criteria: To prepare financial statements in accordance with U.S. GAAP, accurate and complete general and subsidiary ledgers, along with supporting records, must be maintained to support the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses to ensure an accurate presentation of the financial position and activity of the School Board for the fiscal year just ended.

Condition: Yearly, the School Board's Finance Department oversees the preparation, processing, and recordation of thousands of financial transactions that ultimately will be reflected in the yearly Annual Comprehensive Financial Report ("ACFR") produced within the Finance Department. To ensure the transactions are fairly presented, procedures must be in place and functioning effectively to produce complete and accurate financial information. During the year end closing and ACFR audit processes, errors related to prior fiscal years and to the misapplication of U.S. GAAP were identified by School Board Finance Department management, which were considered material to the financial statement presentation by School Board Finance Department management, resulting in adjustments in some instances to the School Board's financial records.

Specifically, examples of the adjustments and approximate amounts included:

- Unrecorded intergovernmental revenue in the prior year financial statements resulted in a restatement of the governmental activities' net position and fund balance in the Capital Projects Fund, as of June 30, 2023 (approximately $7.3M).

- Under recording of Virginia Retirement System related liabilities, as of June 30, 2023 (approximately $2.0M) and June 30, 2024 (approximately $1.9M).

- Initial under recording of other postemployment benefits related liability and expense due to inaccurate census data being provided to the School Board's external actuary (approximately $200K). An adjustment was made to the basic financial statements before issuance.

Cause: The controls in place to close the year-end books, reconcile the balances, analyze the period transactions, and accumulate and assimilate such data into a timely, U.S. GAAP compliant financial report did not function as intended.

Effect: School Board's governmental activities' net position and fund balance in the Capital Projects Fund as of June 30, 2023 have been restated. Additionally, governmental activities' net position and fund balance of the General Fund were overstated at June 30, 2023 and 2024.

Recommendation: The School Board should implement procedures to ensure all financial activities are accounted for and reported accurately and completely in the yearly financial statements.

Views of Responsible Officials and Planned Corrective Actions:

Contact Person: Wanda Payne, Director of Finance

Corrective Action: Effective July 1, 2024, the finance team has implemented and will prepare a fiscal year CIP budget to actual analysis in addition to the annual CIP reconciliation between RPS and the City. The implementation of a budget to actual analysis will highlight any additional appropriations, adjustments, and/or amendments made by the City. The RPS budget team will review and sign-off on this analysis report.

(3) Finding Related to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2024-002: Non-material Noncompliance – Conflicts of Interest

Criteria: Section 2.2-3115 of the Code of Virginia ("Code") stipulates that certain local government employees are required to file a complete Statement of Economic Interest ("SOEI"), Financial Disclosure, or Real Estate Disclosure form with their respective local body by February 1 for each calendar year.

Condition: Of the nine (9) filers who were required to complete an SOEI form during the year, we noted one (1) filer never submitted their required form.

Cause: Form was not filed in accordance with the Code.

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

Recommendation: Local government officials and employees should file the reports in accordance with Section 2.2-3115 of the Code.

Views of Responsible Officials and Planned Corrective Actions:

Contact Person: School Board Chair

Corrective Action: Effective immediately, the School Board Clerk will notify the School Board Chair, in addition to the associated School Board member(s), of any Statement of Economic Interest, Financial Disclosure, or Real Estate Disclosure forms that have not been submitted as of the second School Board meeting in January. The School Board Chair will help facilitate obtaining the missing forms in order to meet the February 1 due date.

(4) Findings and Questioned Costs Relating to Federal Awards

2024-003 – Significant Deficiency and Nonmaterial Noncompliance – Reporting

Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ARPA) (ALN 21.027) – United States Department of Education – Virginia Department of Education; Federal Award Year: 2024.

Prior Year Audit Finding Number: 2023-003

Criteria: Project and Expenditure reports should be submitted to the VDOE quarterly and annually.

Condition: The grant administrator was unable to provide quarterly and annual reporting requirements for fiscal year 2024.

Cause: Documentation was not maintained for audit purposes.

Effect: Accountability for use of the funds can not be demonstrated.

Questioned Costs: None

Recommendation: Grant administrator should maintain adequate documentation.

Views of Responsible Officials and Planned Corrective Action:

According to Appendix: American Rescue Plan CSLFRF HVAC Replacement and Improvement Grant Assurances of the 2021 CSLFRF HVAC Application it is stated the LEA/grantee assures:

IX. It will submit such reports to the state educational agency as the state educational agency and Secretary may require to enable the state educational agency and the Secretary to perform their duties under the program;

The LEA has also submitted an official correspondence to the Auditors from the Commonwealth of Virginia Department of Education's Director of the Office of Federal Pandemic Relief Programs stating the following:

On April 25, 2023, the Virginia Department of Education conducted monitoring to ensure that certain federally funded programs and activities supported with Elementary and Secondary School Emergency Relief (ESSER) formula grants; ESSER and Governor's Emergency Education Relief (GEER) state set-aside grants; and Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) HVAC grants were implemented as stipulated by law. These federally funded programs were reviewed as operated by Richmond City Public Schools.

Furthermore, RPS is a subrecipient. As such it is our stance that RPS was not required to create or submit quarterly financial activity reports to US Treasury. We were also not required to submit quarterly financial reports to the **recipient** (i.e. the Commonwealth of Virginia). Instead, RPS regularly submitted expenditures for reimbursement to VDOE on a nearly monthly basis via OMEGA. We also maintained financial records (invoices, GL transactions) via AS400 and LINQ and conducted annual single audits as required by the Single Audit Act & 2 CFR part 200, subpart F. We also complied with all monitoring activities conducted by VDOE. In turn, VDOE (the award ***recipient***) used these artifacts to create and submit *its* quarterly financial reports to US Treasury, as required by statute. For more evidence of this "passthrough" structure of reporting, see the attached SLFRF Compliance and Reporting Guidance published by US Treasury and Updated October 2025 Part 2 Section B (p. 21-22) for a detail of which entities are required to submit quarterly reports.

The following recipients are required to submit quarterly Project and Expenditure Reports:

- *States and U.S. territories*
- *Tribal governments that are allocated more than $30 million in SLFRF funding*
- *Metropolitan cities and counties with a population that exceeds 250,000 residents Coronavirus State and Local Fiscal Recovery Funds C*
- *Metropolitan cities and counties with a population below 250,000 residents that are allocated more than $10 million in SLFRF funding*
- *NEUs [Non-Entitlement Units of Government] that are allocated more than $10 million in SLFRF funding*

RPS does not fall into any of the aforementioned categories. We humble ask that you reconsider this finding.

2024-004 – Significant Deficiency and Nonmaterial Noncompliance – Equipment and Real Property Management

Program: Education Stabilization Fund (ALN 84.425) – United States Department of Education – Virginia Department of Education; Federal Award Year: 2024.

Prior Year Audit Finding Number: N/A

Criteria: 2 CFR section 200.313(d)(2) states: A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Condition: The School Board began purchasing equipment under this program in 2022. A physical inventory was not performed during 2024.

Cause: Procedures over equipment and property management not properly designed and implemented.

Effect: Equipment and property not examined for any potential loss, damage, theft, or disposal.

Questioned Costs: None

Recommendation: Grant administrator should perform a physical inventory of property at least every two years

Views of Responsible Officials and Planned Corrective Action: The Designees of the Grants Monitoring and Compliance team will oversee the completion of a physical inventory of all equipment that exceed $5,000 by October 31, 2026. The Grants team will also house documentation.

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

2023-001 – Significant Deficiency and Nonmaterial Noncompliance – Allowable Costs and Activities

Program: Title I Grants to Local Educational Agencies (ALN 84.010) – United States Department of Education – Virginia Department of Education; Federal Award Year: 2023.

Condition: For a sample of forty (40) payroll and forty (40) non-payroll transactions, grant management could not provide certifications of time incurred and charged to the grant for all two (2) employees.

Status: Finding has not been remediated.

2023-002 – Significant Deficiency and Nonmaterial Noncompliance – Allowable Costs and Activities

Program: Title I Grants to Local Educational Agencies (ALN 84.010) – United States Department of Education – Virginia Department of Education; Federal Award Year: 2023.

Condition: For a sample of four (4) students, grant management could not provide timely documentation for one (1) sample supporting the removal of a student from the regulatory adjusted cohort.

Status: Finding has not been remediated.

2023-002 – Significant Deficiency and Compliance Qualification – Reporting

Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ARPA) (ALN 21.027) – United States Department of Education – Virginia Department of Education; Federal Award Year: 2023.

Condition: The grant administrator was unable to provide quarterly and annual reporting requirements for fiscal year 2023.

Status: Finding repeating in current year – see 2024-003.