FS27-01

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 01, 2026

TO: JAMES PARAJON, CITY MANAGER

THROUGH: ROBERT SNYDER, CHIEF INTERNAL AUDITOR ***RJS***

FROM: DOUGLAS JONES, INTERNAL AUDITOR I ***DJ***

SUBJECT: DRPT COMPLIANCE AUDIT FY23-FY24 (FS27-01)

Background

On September 29, 2025, the Virginia Department of Rail and Public Transportation (DRPT) contacted the City of Alexandria's Transportation and Environmental Services (T&ES) Department to inform them that auditors from the SC&H Group would be conducting a compliance review for the period of July 1, 2023, to June 30, 2024. The compliance review would be performed for 21 of 53 grant payments made to T&ES amounting to almost $21.4 Million during the time frame mentioned above.

OIA Analysis of Previous DRPT Reviews

OIA has reviewed our records regarding other engagements involving the DRPT monitoring review. Table 1 shows the engagements involving the DRPT reviews.

Table 1 Prior Audits or Monitoring Reviews

Date	Engagement Name	Notes
03/01/2024	FS24-08 T&ES DRPT	In one (1) of 16 sampled vouchers the auditors determined that the City included expenses that did not follow DRPT expense or travel reimbursement requirements.
11/03/2021	FS22-03 T&ES DRPT	T&ES had one instance where they submitted an invoice for reimbursement for an expense that occurred before the begin date of the project. The details are listed below T&ES submitted reimbursement requests for the same projects: 47012-44, 47014-09, 47015-03, 47016-01, and 47018-06, more than once per month several times without written approval from their DRPT Project Manager.

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Findings

The compliance review generated no (0) instance of noncompliance. The SC&H auditors reviewed grant payments made to T&ES between July 1, 2023, and June 30, 2024. Of 53 payments made during this period, 21 were selected for review. The sample included grant payments for the following programs:

- Federal Highway Administration (FHWA)
- Regional Surface Transportation Program (RSTP)
- Congestion Mitigation and Air Quality (CMAQ)

Other elements reviewed consisted of state funding for Capital, Commuter Assistance (CA) Program Operating, CA Program Marketing, Zero Fare, Smartscale, and Special projects. Transit vehicles were not reviewed as part of this engagement because T&ES contracts transit operations to the Alexandria Transit Company (DASH), which was subject to a separate compliance review by DRPT.

Conclusion:

On August 20th, 2026, DRPT sent the City of Alexandria a letter stating that all of their requirements were fulfilled. Based on the fact that DRPT identified no instances of non-compliance, we consider this engagement closed. Should you have any questions, please contact our office at 703.746.4742 or via email at internalaudit@alexandriava.gov.

Cc. Emily Baker, Deputy City Manager
Leah Riley, Director, Department of Transportation and Environmental Services
Kevin Greenlief, Director of Finance

COMMONWEALTH of VIRGINIA

Mariia Zimmerman
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
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August 20, 2026

Mr. James Parajon, City Manager
City of Alexandria - Department of Transportation and Environmental Services
301 King Street
Alexandria, Va. 22314

Dear Mr. Parajon,

The attached report represents the formal conclusion to the DRPT compliance review that was undertaken at the City of Alexandria - Department of Transportation and Environmental Services (T&ES) for the period covering FY2023 to FY2024. We would like to thank the management and staff at T&ES for their assistance during this compliance review.

DRPT's compliance review program is part of an integrated process to ensure that state transportation funding is used efficiently, and to help Virginia receive strong consideration for further funding. The compliance review tests adherence to the various agreements and policies and procedures that govern the receipt of DRPT controlled funding. Additionally, the review is designed to ensure, if applicable, that T&ES has properly implemented corrective action for any findings related to previous DRPT Compliance Reviews.

T&ES had no compliance review findings. If you have any questions regarding this report or the compliance review process, please do not hesitate to contact me or any of my staff.

Sincerely,

Deanna J. Oware
Chief Financial Officer
Department of Rail and Public Transportation

DRPT
VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Compliance Review Report

City of Alexandria – Department of Transportation and Environmental Services

Alexandria, Virginia

Review period: July 1, 2023 - June 30, 2024

Purpose and scope

Objective

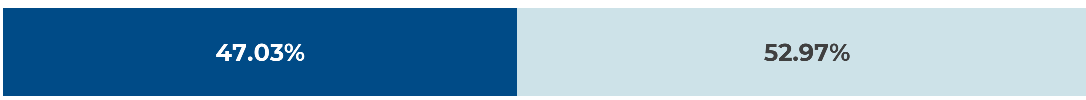
Determine whether the City of Alexandria – Department of Transportation and Environmental Services (T&ES) materially complied with the agreements, policies, and procedures governing DRPT-controlled funding and, when applicable, whether the corrective action plan from the prior compliance review was properly implemented.

Management responsibility

T&ES management is responsible for maintaining compliance with the agreements, policies, and procedures governing the use of funds received from DRPT.

Scope of review

DRPT reviewed grant payments made to T&ES between July 1, 2023 and June 30, 2024. Of 53 payments made during this period, 21 were selected for review.



Reviewed $22,458,825 | Remaining $25,294,527

See Appendix A for a detailed listing of payments reviewed. The sample included Federal Highway Administration (FHWA) Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funding as well as state funding for Capital, Commuter Assistance (CA) Program Operating, CA Program Marketing, RSTP, Zero Fare, CMAQ, Smartscale, and Special projects. A review of transit vehicles was not performed during this review since T&ES contracts out the operation of their transit service to an outside vendor, Alexandria Transit Company (DASH), and DRPT performed a separate compliance review at DASH.

Review limitations

This review was more limited than would be necessary to provide assurance on internal controls or an opinion on overall compliance with laws and regulations. Because of the inherent limitations of internal control and the limited basis of the test work, other errors, irregularities, or instances of noncompliance may have occurred and may not have been detected. Results should not be projected beyond the items tested, and controls may become inadequate as conditions change.

Conclusion

Overall determination

T&ES materially complied with the requirements of the agreements, policies, and procedures governing DRPT-controlled funding. The Summary of Compliance Areas identifies the areas covered by the review.

Master agreement compliance

Compliance criterion	Yes	No	N/A
Single Audit received for each year.	☑	☐	☐
No Single Audit findings were identified.	☑	☐	☐
Records complied with DRPT record-retention requirements.	☑	☐	☐
The record-retention policy complied with the Master Agreement.	☑	☐	☐
An adequate conflict-of-interest policy was maintained.	☑	☐	☐
An adequate Fair and Equal Employment Practices Policy was maintained.	☑	☐	☐
Copies of DRPT Master and Project Agreements were available.	☑	☐	☐
Sampled federal draw-down funds were paid to contractors within three days.	☑	☐	☐

Program and financial controls

Application process

☑ Yes ☐ No ☐ N/A

Methodology for determining DRPT project application amounts appears reasonable.

Tracking expenditure of funds

☑ Yes ☐ No ☐ N/A

Methodology for tracking federal, state, and local funds appears reasonable.

Local funds budgeted

☑ Yes ☐ No ☐ N/A

Sufficient local funds were budgeted for required project matches.

Claims/Voucher testing

☑ Yes ☐ No ☐ N/A

Sampled claims were supported by adequate documentation and contractors were paid timely.

Expense testing

☑ Yes ☐ No ☐ N/A

Sampled operating expenses were supported by adequate documentation.

Budgeted versus actual

☑ Yes ☐ No ☐ N/A

Variances were reasonable; differences exceeding 10 percent were adequately explained.

Procurement and capital testing

☑ Yes ☐ No ☐ N/A

Procurement complied with applicable requirements; capital purchases were properly procured and recorded.

Subcontractor testing

☑ Yes ☐ No ☐ N/A

Subcontractors were paid timely and accurately.

Operations and asset management

Performance data testing ☐ Yes ☐ No ☑ N/A

Data reported to DRPT was accurate and matched supporting records.

Capital inventory ☐ Yes ☐ No ☑ N/A

Vehicle inventory was accurately recorded in DRPT and internal systems.

Vehicle maintenance ☐ Yes ☐ No ☑ N/A

Sampled revenue-vehicle maintenance met policy requirements; the maintenance policy appeared adequate.

Vehicle disposals ☐ Yes ☐ No ☑ N/A

Disposed vehicles and associated funds were recorded and handled appropriately.

Insurance coverage ☐ Yes ☐ No ☑ N/A

Agency insurance coverage complied with the Master Agreement.

Reading the results

Items marked “No” are detailed in Compliance Findings and Recommendations. Items marked “N/A” do not apply because of agency-specific circumstances, such as not maintaining a vehicle fleet.

Project payments

The table shows total payments with the portion selected for compliance testing for each project in the review period.

Project description	Payments reviewed	Total payments
72510-08 - Capital	$1,907	$1,907
72517-09 - Capital	$233,993	$288,114
72521-14 - Capital	$2,888,934	$5,000,000
73020-35 - Capital	$15,244,806	$19,894,365
71022-07 - CA Program Operating	$24,871	$24,871
71023-07 - CA Program Operating	$79,463	$126,048
71024-07 - CA Program Operating	$32,141	$52,357
71424-04 - CA Program Marketing	$21,311	$33,226
50051-01 - Zero Fare	$1,923,682	$2,623,920
50051-02 - Zero Fare	$871,097	$2,829,664
50051-03 - Zero Fare	$521,839	$521,839
47020-04 - RSTP	$163,375	$208,367
47021-01 - CMAQ	$170,447	$338,559
50044-01 - Smartscale	$205,229	$205,229
71123-10 - Special	$75,730	$163,267