



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Thursday, October 8, 2020
10:00 a.m. Virtual Zoom Webinar

Attendance:

Committee Members Present: Co-Chair Bob Wasserbach (County Auditor), Co-Chair Michael Smith (NCC Chief Financial Officer), County Councilwoman Janet Kilpatrick, NCC Audit Committee Chair Martin Taylor, NCC Audit Committee Member Sharita Perkins and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Committee Members Absent: None.

Others in Attendance: NCC Chief of Staff Aundrea Almond, County Solicitor Karen Sullivan, Assistant County Attorney Nicholas Brannick, E. David Barth (Grant Thornton), Joe Simon (Grant Thornton) and 3 other NCC staff members.

Proceedings:

- Meeting was called to order at 10:01 a.m. by committee Co-Chair Bob Wasserbach.
- The minutes from the last meeting were approved unanimously.
- Co-Chair Wasserbach said that even though some items in the Subrecipient Policies document were pending, it would be possible to still vote on the policies in the meeting. He then listed the pending items – risk analysis forms need to be made electronically-fillable, actual amounts of the Innovation grants have not been received yet, details on the new Winter-Ready Restaurant grant need to be added to the policy, and the site visit form needs to be finalized (which will just be a shell because the site visit form needs to be tailored to the nuances of the individual grant). Committee Member Tarik Haskins added that more information was still needed on who would be performing desk reviews. Co-Chair Michael Smith said that the desk reviews and site visits would be the responsibility of the Office of Finance and would probably be contracted out to a third-party.

Co-Chair Wasserbach wondered whether the language on end date being December 30, 2020 should be changed in the section on desk reviews. Co-Chair Michael Smith felt that December 30, 2020 for incurring expenditures was a good end date as per current guidance. Per the update made to the guidance, performance or delivery must occur during the covered period but payment of funds need not be made during that time. Co-Chair Smith also noted that a new federal stimulus bill could extend the December 30, 2020 date. Nicholas Brannick added that some of the grant award letters may

contain more details on the date by which the grant funds need to be expended. Also, the award letters may contain language on returning unused funds.

Councilwoman Janet Kilpatrick asked whether the guidance implied that as long as contracts were entered into before December 30, 2020, the expenditures would be considered CRF eligible. Nicholas Brannick said that it would seem so from the CRF guidance, but this conflicted with the Treasury's CRF FAQs. He said it is a fluid situation and suggested that the committee should come up with a procedure for making adjustments to the subrecipient policies to reflect changes made by Treasury. Co-Chair Wasserbach replied that he was planning to discuss having future committee meetings for that purpose and to review findings from desk reviews and site visits. Councilwoman Janet Kilpatrick added that there was a need to put language in the grant contracts / award letters that there might be changes in the future.

- Next, Co-Chair Wasserbach introduced a member of his team, Lynne McIntosh, who wanted to make some comments on subrecipient monitoring. Lynne McIntosh said that given the unprecedented nature of the CRF program, there is a need for some extra monitoring of the subrecipients and recommended that bi-weekly monitoring of subrecipients be instituted. She said bi-weekly subrecipient monitoring would enable more real time monitoring, rather than waiting till December 30, 2020 and, hence, help the grant programs be more successful. Councilwoman Kilpatrick agreed, saying that it was not the expectation of the committee to wait until December 30, 2020. She said that subrecipient monitoring should be done bi-weekly at the minimum. Committee member Martin Taylor added that getting information in advance would help avoid any scrambling at the end. Councilwoman Kilpatrick then asked whether it was possible to pull the grant if, upon auditing, it turned out that something was not right. Martin Taylor said that there were two aspects to something going wrong with the grant implementation – either somebody just did not know or somebody was being fraudulent. Councilwoman Kilpatrick then inquired whether most of the grants were reimbursements. Co-Chair Wasserbach clarified that most of the grants were not reimbursements. Co-Chair Michael Smith explained that the Food Distribution grant, for example, involved giving money to the grantee and there would be a follow-up eventually. The Distance Learning grant is of lesser concern as the CRF guidance allows \$500 per student, while NCC is only giving \$50 per student. The larger grant amounts for the Innovation grants are being given in tranches, with future payments being released only after satisfactory use of the initial funds. Co-Chair Wasserbach asked the Grant Thornton representatives for their thoughts. David Barth said that frequency of monitoring is determined by the level of risk, grant amounts, etc. Also, sometimes the first subrecipient monitoring might determine that subsequent subrecipient monitoring is not required. Joe Simon from Grant Thornton agreed.

Co-Chair Wasserbach then asked if the committee agreed that there should be language on the frequency of subrecipient monitoring in the Subrecipient Policies document. Councilwoman Kilpatrick

and Martin Taylor agreed. Co-Chair Wasserbach then asked whether the language should be on general frequency or specific frequency, like bi-weekly. Co-Chair Smith clarified that subrecipient monitoring would have to be fulfilled through a contractual agreement with a third party. And, probably in most cases, all the grant money would be utilized by the first subrecipient monitoring, not requiring subsequent monitoring. Councilwoman Kilpatrick suggested going with a minimum of bi-weekly subrecipient monitoring, which would end once all the money was spent. Co-Chair Wasserbach then asked whether the policy should require bi-weekly monitoring for only high risk subrecipients or everyone. Councilwoman Kilpatrick and Tarik Haskins agreed that it should be for high risk subrecipients. Then Councilwoman Kilpatrick wondered what about cases where low risk subrecipients turned high risk. Martin Taylor said that the language should be flexible to enable re-classification of entities from low risk to high risk.

Co-Chair Wasserbach then asked if the committee members had any more questions before voting on the policy. Tarik Haskins brought up the clarifications pending on the grant amount thresholds for determining the risk levels for the Innovations grant. Co-Chair Wasserbach responded that he would update the threshold amounts once he received the grant amounts from Aundrea Almond.

Next, Committee Member Sharita Perkins inquired whether the County employee doing the review of the grant application was required to be independent of the applicant. Co-Chair Smith responded that it depended on how much independence was expected. For example, the CFO does not do the reviews, reviews are done by a deputy. Co-Chair Bob Wasserbach clarified that Sharita Perkins' question related more to family members of County employees reviewing applications not being a part of the applying entity. Sharita Perkins then asked whether the County was asking certain subrecipients for subrecipient monitoring of their subrecipients. Co-Chair Wasserbach responded that he and Co-Chair Smith were planning to meet with State officials to ask about their subrecipient monitoring policies. Councilwoman Kilpatrick said that monitoring needs to be at the sub-subrecipient level. Sharita Perkins agreed that sub-subrecipients should be required to meet NCC's standards.

- Co-Chair Wasserbach then asked whether there was a motion to approve the Subrecipient Policies document pending determining who would be doing the desk reviews, updating amount thresholds for the Innovation grants risk analysis, minimum of bi-weekly subrecipient monitoring, and the requirement for County employees (or contracted persons) reviewing applications to be independent of the applicants. Councilwoman Kilpatrick said it would be preferable for a non-County member of the committee to make the motion, so that it would not be only a County policy. Martin Taylor made the motion as stated and Tarik Haskins seconded it. The motion was passed unanimously.
- Next, Co-Chair Wasserbach asked if there was an update on the funds given to the Delaware Community Foundation (DCF). Co-Chair Michael Smith said that DCF had been given till October 9,

2020 to provide an update. He explained that DCF had been given funds from the County's reserves before the County received any CRF funds, and later the County reimbursed itself from the CRF funds.

- Co-Chair Wasserbach asked the members if they were available to meet in a couple weeks. It was decided that the next meeting would be held on October 22, 2020 at 10 a.m. Co-Chair Wasserbach thanked everyone for a productive meeting. The meeting ended at 10:55 a.m.