



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Thursday, January 21, 2021
1:00 p.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 and NCC Audit Committee Chair Martin Taylor.

Committee Members Absent: NCC Audit Committee Member Sharita Perkins and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Others in Attendance: NCC Councilman George Smiley, NCC Chief of Staff Aundrea Almond, Assistant County Attorney Nicholas Brannick, John Eldridge (Apothic Revenue), Debbie Ament (Apothic Revenue) and 3 other NCC staff members.

Proceedings:

- Meeting was called to order at 1:03 p.m. by committee Co-Chair Bob Wasserbach.
- Councilwoman Janet Kilpatrick made a motion to approve the minutes from the last meeting, which was seconded by NCC Audit Committee Chair Martin Taylor. The minutes were approved unanimously.
- Co-Chair Wasserbach mentioned that the deadline for CRF expenditures has been extended from December 30th, 2020 to December 31st, 2021. Co-Chair Michael Smith said that everyone had been working to be done by December 30th, 2020. He said that as the prime recipient, the County could extend the deadline for its subrecipients, but did not see any need to extend it to December 31st, 2021. Instead the County is giving the subrecipients a 90-day deadline (to March 31, 2021) and will see where everyone is after 90 days. Co-Chair Smith added that if the County started giving long extensions, there would be additional administrative costs, e.g., cost of Single Audits for 3 years, etc. If it turns out that many subrecipients have special circumstances, then those issues can be addressed later. But the County would prefer to wrap up the CRF programs in FY2021. Councilwoman Kilpatrick agreed to not pushing out the closing of the CRF programs.
- John Eldridge, from Apothic Revenue, provided the committee with an update on subrecipient monitoring of the grant programs they are responsible for monitoring. Mr. Eldridge told the committee that only 3-4 organizations had reached out about extending the deadline. He thought

that exceptions to the March 31st deadline might need to be made for a couple of organizations. For example, one such organization provides services only during the winter months and may require a couple of months extension. He added that once organizations found out about the extension, the organizations relaxed dramatically. Councilman George Smiley clarified that the County/State get to decide whether to give grantees extensions. Co-Chair Smith replied yes, the County has internally decided to give the grantees a 90-day breather.

Mr. Eldridge said that about \$2 million of grants are close to being closed out (subrecipient monitoring completed). Co-Chair Wasserbach inquired what the \$2 million closing-out figure represents versus the total dollar amount Apothic is reviewing. Mr. Eldridge said the \$2 million is from a total of about \$15 million, accounting for 25-26 organizations out of 117. Mr. Eldridge added that the organizations had been trying to get their expenditures done by December 30th, 2020, and now Apothic is inundated with paperwork. Both Councilman Smiley and Councilwoman Kilpatrick noted how it was difficult to get timely paperwork and reports on County Council grants. Co-Chair Smith said that all the grantees had signed certifications before getting the grants and are aware that their grants are reported to the US Treasury. Councilwoman Kilpatrick asked whether there was a need for a letter to be sent to the organizations. Nicholas Brannick replied that the subrecipient award agreement executed with all the organizations is a contract that requires the organizations to provide required information. Councilwoman Kilpatrick said that since the letters were provided in the beginning, it might help to again let the organizations know of the possibility of an audit by the Federal government. Mr. Eldridge said that most organizations seemed to be working through it; only some may need handholding.

Councilwoman Kilpatrick asked, since all the grant money has been allocated, whether there is any way to pull any of the money back. Co-Chair Smith replied that all the money has been allocated; however, in some cases, rounding out of reimbursements may make some entities go over/under their allocations.

- Co-Chair Wasserbach informed the committee that Grant Thornton had been asked to give the committee an update on municipalities and volunteer fire companies in this meeting. But there were no representatives from Grant Thornton in the meeting to do so. Co-Chair Smith said that he was surprised that there was no one from Grant Thornton in the meeting. He told the committee that Grant Thornton has been working on the documentation for the Delaware State University (DSU) grant, salaries and benefits reimbursement requests from the municipalities and volunteer fire companies, and Requests for Information (RFIs) on the Memoranda of Understanding (MOU) and cost shares with the State of Delaware.
- Councilwoman Kilpatrick asked whether DSU is up and running. Aundrea Almond responded that they were piloting their testing capabilities on student athletes last week. All equipment has been

received and hiring for the testing lab is complete too. DSU is taking a cautious approach to ramping up their operations.

- Co-Chair Wasserbach asked whether Grant Thornton is looking at the Hope Center expenditures. Co-Chair Smith replied that Grant Thornton will be looking at internal expenditures as well as Hope Center expenditures. He noted that getting the Hope Center operational so quickly was an amazing achievement – the County closed on the Hope Center property on December 1st and people moved in on December 15th. In the absence of an extension in the CRF deadline and since many of the Hope Center contracts were signed for a year, Finance had started maintaining a separate spreadsheet of these contracts. If no extension had been granted on the CRF expenditures, Finance was planning to review these expenditures individually to see how they needed to be booked. But now that the CRF deadline has been extended, most of these contracts become permissible and can be reimbursed from the CRF funds. Co-Chair Smith expressed his appreciation that County Council allowed the administration to move quickly on the Hope Center.
- Co-Chair Wasserbach discussed the subrecipient monitoring of the State. He said that he had sent an email to Bert Scoglietti (State Budget Office) in December and has not heard back. He asked whether Co-Chair Smith and Grant Thornton have reached out to the State separately. Co-Chair Smith replied that Grant Thornton was preparing an RFI list for the State. He noted that, except for Housing, all MOUs have been executed. The County is still waiting on documentation for the Housing program.
- Co-Chair Wasserbach asked Aundrea Almond to share page 4 of the Task Force Rules of Procedure document on the screen. He went over the two “Duties and Powers of the Compliance Committee” – recipient reporting standards and reporting. He noted that for item A, “The Compliance Committee shall develop reporting standards for funding recipients to ensure appropriate use of the funds”, the Audit and Compliance committee had developed and approved a subrecipient monitoring policy as well as developed and approved an excel workbook for the subrecipients. An attempt was also made to initiate a conversation with the State. Co-Chair Wasserbach pointed out that the original rules of procedure had another item which the Administration took out of the final rules of procedure. As a result, this committee does not have the responsibility of reviewing expenditures. The County Auditor’s office has been separately reviewing and providing feedback on CRF expenditures to the Office of Finance.

Co-Chair Wasserbach noted that for item B, “The Compliance Committee shall prepare reports required by the County Executive”, the committee has not yet been asked for any reports. Co-Chair Wasserbach suggested preparing a memo on work done by the committee and asking the County Executive if he wanted the committee to prepare any reports. He also suggested that the committee

continue to meet, maybe just once a month. Councilman Kilpatrick suggested meeting till the end of March. All committee members were okay with the proposed memo and meeting timelines.

- The committee agreed to meet next on Thursday, February 25th, 2021 at 1:00 p.m. The meeting ended at 1:39 p.m.