

NEW CASTLE COUNTY, DELAWARE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2020



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**NEW CASTLE COUNTY, DELAWARE
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of County Council
New Castle County, Delaware
New Castle, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Castle County, Delaware (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 may exist that have not been identified.

Members of County Council
New Castle County, Delaware

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’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 result of that testing, and not to provide an opinion on the effectiveness of the County’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 County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 19, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Members of County Council
New Castle County, Delaware
New Castle, Delaware

Report on Compliance for Each Major Federal Program

We have audited New Castle County, Delaware's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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, 2020.

Other Matters

The results of our auditing procedures disclosed 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 2020-001, 2020-002, and 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003, that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Members of County Council
New Castle County, Delaware

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated January 19, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted 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.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 19, 2021

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Agency: Pass-through Entity: Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture:</u>				
Agricultural Marketing Service				
Farmers' Market and Local Food Promotion Program	10.168		\$ 67,716	\$ -
Total U.S. Department of Agriculture			<u>67,716</u>	<u>-</u>
<u>U.S. Department of Housing & Urban Development:</u>				
Office of Community Planning and Development				
Emergency Solutions Grant Program	14.231		184,229	181,948
COVID-19 - Emergency Solutions Grant Program	14.231		3,922	3,922
Total Emergency Solutions Grant Program			<u>188,151</u>	<u>185,870</u>
HOME Investment Partnerships Program	14.239		858,112	689,684
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Neighborhood Stabilization Program ARRA	14.256	NSP 02-09	140,466	-
CDBG - Entitlement Grants Cluster				
Community Development Block Grant/Entitlement Grants	14.218		2,561,018	528,320
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/Entitlement Grants	14.218	NSP 05-08	125,925	-
Total Community Development Block Grants/ Entitlement Grants			<u>2,686,943</u>	<u>528,320</u>
Total CDBG - Entitlement Grants Cluster			<u>2,686,943</u>	<u>528,320</u>
CDBG - State-Administered CDBG Cluster				
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/State	14.228	NSP 02-11	244,923	-
Total CDBG - State-Administered CDBG Cluster			<u>244,923</u>	<u>-</u>
Office of Public and Indian Housing				
Housing Choice Voucher Cluster				
Section 8 Housing Choice Vouchers (3)	14.871		16,237,362	355,886
COVID-19 - Section 8 Housing Choice Vouchers (3)	14.871		7,629	-
Total Housing Choice Voucher Cluster			<u>16,244,991</u>	<u>355,886</u>
Office of Lead Hazard Control and Healthy Homes				
Lead-Based Paint Hazard Control in Privately-owned Housing	14.900		137,823	-
			<u>137,823</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>20,501,409</u>	<u>1,759,760</u>
<u>U.S. Department of Justice:</u>				
Office for Victims of Crime				
<i>Department of Safety and Homeland Security (1)</i>				
Crime Victim Assistance	16.575	SUBGRANT 1692 & 2178	147,350	-
Office of Justice Programs				
Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		241,799	-
Comprehensive Opioid Abuse Site-Based Program	16.838		10,865	-
ABH Mental Health	16.745		3,313	-
COVID-19 - Coronavirus Emergency Supplement Funding Program	16.034		67,764	-
Pass-Through Programs From:				
<i>Criminal Justice Council (1)</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DB-P/T-1915	1,218	-
Comprehensive Opioid Abuse Site-Based Program	16.838	2017-AR-BXK015	4,425	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2017-MO-Passthru-1848	1,326	-
Criminal Division				
Equitable Sharing Program	16.922		15,320	-
Total U.S. Department of Justice			<u>493,380</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Agency: Pass-through Entity: Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Transportation:</u>				
National Highway Traffic Safety Administration				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
Alcohol Open Container Requirements	20.607	Various	\$ 9,527	\$ -
National Highway Traffic Safety Administration				
<i>Highway Safety Cluster</i>				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
State and Community Highway Safety	20.600	Various	16,304	-
National Priority Safety Programs	20.616	Various	2,062	-
Total Highway Safety Cluster			<u>18,366</u>	<u>-</u>
Total U.S. Department of Transportation			<u>27,893</u>	<u>-</u>
<u>U.S. Department of Treasury:</u>				
Coronavirus Relief Fund				
COVID-19 - Coronavirus Relief Fund	21.019		29,826,253	500,000
Total U.S. Department of Treasury			<u>29,826,253</u>	<u>500,000</u>
<u>Environmental Protection Agency:</u>				
Office of Wastewater Management				
Pass-Through Program From:				
<i>Department of Natural Resources and Environmental Control (1)</i>				
ARRA-CW State Revolving Fund	66.458	N/A	8,281,030	-
Total Clean Water State Revolving Fund Cluster			<u>8,281,030</u>	<u>-</u>
Total Environmental Protection Agency			<u>8,281,030</u>	<u>-</u>
<u>Department of Education:</u>				
Office of Elementary and Secondary Education				
Pass-Through Programs From:				
<i>Charter School of New Castle (1)</i>				
Twenty First Century Community Learning Centers	84.287	N/A	1,447	-
Total Department of Education			<u>1,447</u>	<u>-</u>
<u>Department of Health and Human Services:</u>				
Administration for Children and Families				
Pass-Through Programs From:				
<i>TANF Cluster</i>				
<i>Department of Health and Social Services (1)</i>				
Temporary Assistance for Needy Families (TANF)	93.558	MOU	1,116	-
TOTAL TANF CLUSTER			<u>1,116</u>	<u>-</u>
Centers for Disease Control and Prevention				
Pass-Through Programs From:				
<i>Department of Health & Social Services(1)</i>				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	MOU# 19-395	15,276	-
Office of the Secretary				
Pass-Through Programs From:				
<i>Department of Health & Social Services(1)</i>				
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	93.243	MOU 19-416	8,614	-
Centers for Disease Control and Prevention				
Pass-Through Programs From:				
<i>Department of Health & Social Services (1)</i>				
Preventative Health and Health Services Block Grant (PPHF funded)	93.758	15-464	884	-
Total Department of Health and Human Services			<u>25,890</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Agency: Pass-through Entity: Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>Executive Office of the President:</u>				
Office of National Drug Control Policy				
Pass-Through Program From:				
<i>Delaware Department of Justice (1)</i>				
High Intensity Drug Trafficking Areas Program	95.001	MOU	\$ 8,603	\$ -
<i>University of Baltimore (4)</i>				
Research and Data Analysis	95.007	G1799ONDPC06A	(79)	-
Total Executive Office of the President			8,524	-
<u>Department of Homeland Security:</u>				
Pass-Through Programs From:				
<i>Department of Safety and Homeland Security (1)</i>				
Hazard Mitigation Grant	97.039	FEMA-DR-4090-DE	(39,384)	-
Emergency Management Performance Grants	97.042	EMPG-(16,17,18,19,20)-002	292,128	-
Homeland Security Grant Program (2)	97.067	MOU	100,925	-
Total Department of Homeland Security			353,669	-
TOTAL FEDERAL AWARDS			\$ 59,587,211	\$ 2,259,760

(1) Pass-Through the State of Delaware.

(2) Donated Federal Equipment \$59,126.91

(3) Housing Choice Vouchers Subgrantee - Ports-In

(4) Pass-Through other than State of Delaware

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

**NEW CASTLE COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes Federal grant activity of New Castle County, Delaware and is presented on the modified accrual basis of accounting. Matching funds are excluded from the schedule and the Program Income generated from Federal Grants is classified as Federal Expenditures when spent. The information on this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 LOANS OUTSTANDING

New Castle County, Delaware administers low-income housing loan programs under the Community Development Block Grant, Home Investment Partnership Program, and Neighborhood Stabilization Program. The County had the following loan balances outstanding at June 30, 2020:

<i>Program Title</i>	<i>Federal CFDA Number</i>	<i>Amount Outstanding</i>
Community Development Block Grants/Entitlement Grants	14.218	\$ 10,530,812
HOME Investment Partnerships Program	14.239	5,502,175
NSP Grants 400099, 400100, and 400101	14.218, 14.256, 14.228	958,051
		<u>\$ 16,991,038</u>

NOTE 3 INDIRECT COSTS

The County did not elect to use the 10% De Minimis cost rate for indirect costs.

NOTE 4 UNEXPENDED BALANCE OF LOANS AVAILABLE FROM CW STATE REVOLVING FUND:

Clean Water State Revolving Fund	66.458	\$ 11,552,122
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**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Independent Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes _____ no
 - Significant deficiency(ies) identified? _____ yes _____ none reported
3. Noncompliance material to basic financial statements noted? _____ yes _____ no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes _____ no
 - Significant deficiency(ies) identified? _____ yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes _____ no

Identification of Major Federal Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$1,787,616

Auditee qualify as low-risk auditee? Yes

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

None noted.

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 001

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Compliance Requirement: Special Tests – Utility Allowance

Award Period: July 1, 2019 – June 30, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Criteria or specific requirement: Federal regulations (24 CFR section 982.517) states a Public Housing Agency (PHA) must maintain an up-to-date utility allowance schedule. The PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards.

Condition/Context: An error was noted when the utility allowance schedule information was transferred from the County's old information technology system to their new system in 2018. The error was detected by the County and they have been manually correcting the calculation error. For seven of the eleven utility reimbursements we noted the amounts paid were not supported by the approved utility allowance schedule.

Cause: The County does not have effective controls in place for ensuring the amount of the utility allowance is properly calculated prior to disbursement.

Effect: The under or over calculation of the utility allowance amount could result in an inaccurate housing assistance payment.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the County implement internal control procedures to ensure the utility allowance calculations are accurate.

Views of responsible officials: There is no disagreement with the audit finding.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2020 – 002

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Section 8 Housing Choice Vouchers

CFDA Number: 14.871

Compliance Requirement: Special Tests – HQS Enforcement

Award Period: July 1, 2019 – June 30, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Criteria or specific requirement: Federal regulations (24 CFR sections 982.405(b)) states that a Public housing agency (PHA) must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and if a participant family or government official reports a condition that is life-threatening, then the PHA must inspect the housing unit within 24 hours of when the PHA received the notification. If the reported condition is not life-threatening (i.e., the PHA would require the owner to make the repair within no more than 30 calendar days), then the PHA must inspect the unit within 15 days of when the PHA received the notification. In the event of extraordinary circumstances, such as if a unit is within a Presidentially declared disaster area, HUD may waive the 24-hour or the 15-day inspection requirement until such time as an inspection is feasible.

Additionally (24 CFR sections 982.405(b)) states the PHA must not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

Condition/Context: For six of the eleven instances where deficiencies had been noted, the PHA did not obtain supporting documentation from the owner that the deficiencies were corrected within the required timeframes. The County conducted re-inspections for the six instances, however the reinspection's occurred on average 6 days after the 30 day requirement.

Cause: Inspectors opted to halt re-inspections as granted via permission from a HUD waiver. However, documentation was not obtained that addressed remediated within the 30 day requirement.

Effect: The County did not obtain documentation from the landlord noting the inspection issues had been remediated within the required time requirement or abate the property.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the County implement internal controls to ensure deficiencies are corrected within the requirement timeframe.

Views of responsible officials: There is no disagreement with the audit finding.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2020 – 003

Federal agency: U.S. Department of Treasury

Federal program title: Coronavirus Relief Fund (CRF)

CFDA Number: 21.019

Compliance Requirement: Subrecipient Monitoring

Award Period: March 1, 2020 – December 31, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Criteria or specific requirement: Federal regulations (2 CFR 200.331) requires that all pass-through entities ensure that every subaward is clearly identified to the subrecipient as a subaward and includes required information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

In addition, Federal regulations require pass-through entities (b) evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Condition/Context: The County did not initiate a subaward with their only subrecipient under this award until after the funds had been transferred to the subrecipient and they had begun spending the money. Additionally the County did not obtain the Data Universal Numbering System Number (DUNS) number and support could not be provided to determine that an evaluation had been conducted prior to passing through the funds for the subrecipient.

Cause: The County did not initially intend for the money to be applied to the CRF funding therefore no subaward was issued. Subsequent to disbursement the County determined the funds were Federal and applied the funds to the CRF funding and initiated a subaward agreement.

Effect: The subrecipient may not have been aware of the federal requirements applicable to the funds and could have incurred unallowable expenditures.

Repeat Finding: This is not a repeat finding.

Recommendation: CLA recommends the County strengthen and enforce its internal controls to ensure subawards are issued prior to funds being distributed and that the risk assessment of each subrecipient's risk of noncompliance is performed and adequately documented.

Views of responsible officials: Management agrees with the finding and has taken the actions described in the corrective action plan to improve the situation. These actions will improve the County's administrative oversight of both CARES Act funding, and additional stimulus funding in the future.



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DEPARTMENT OF COMMUNITY SERVICES

**NEW CASTLE COUNTY, DELAWARE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

New Castle County, Delaware respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

None were reported.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2020-001 Section 8 Housing Choice Vouchers – CFDA No. 14.871
Recommendation: We recommend the County implement internal control procedures to ensure the utility allowance calculations are accurate.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

When NCC converted from Visual Homes software to Yardi software in Nov of 2018, unbeknownst to NCC, the utilities did not convert correctly. Once the error was discovered, the Housing Assistants would pull the file, double check the utilities the tenant is responsible to pay (by the RFTA or HAP contract), and override it in the YARDI system. Earlier this year, Housing Assistants attended a training session and were shown how to put the utilities in the new system to prevent us from needing to “overriding” the amount. The utilities are still being corrected but are now being administered correctly in YARDI. We anticipate completion by May of 2021

Effective January 2021, a new QC regiment was put in place including utilities review to guarantee accuracy.

Name(s) of the contact person(s) responsible for corrective action: Assunta Scarpitti

Planned completion date for corrective action plan: May 1, 2021

2020-002

Section 8 Housing Choice Vouchers – CFDA No. 14.871

Recommendation: We recommend the County implement internal controls to ensure deficiencies are corrected within the requirement timeframe.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

In 4 of the 6 cited delays of inspections (inspection not completed within 30 days) all inspections were scheduled within the 30-day time frame. Circumstances beyond our control dictated a re-scheduling of the inspections (client had doctor's appointment, no show, sick inspector, etc.). The reinspection was scheduled as soon as possible. In the future, in cases such as these, if and when a re-scheduling is required – we will contact the landlord and request documentation that the failed items have been repaired prior to the 30-day limitation.

Name(s) of the contact person(s) responsible for corrective action: Robert R. Rizzo / Matt Alexander

Planned completion date for corrective action plan: April 1, 2021



Robert R. Rizzo

Administrator
New Castle County
Housing Choice Voucher Program



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OFFICE OF FINANCE

**NEW CASTLE COUNTY, DELAWARE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

New Castle County, Delaware respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

None were reported.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. DEPARTMENT OF TREASURY

2020-003 Coronavirus Relief Fund – CFDA No. 21.019

Recommendation: CLA recommends the County implement internal controls to ensure subawards are issued prior to funds being distributed.

Explanation of disagreement with audit finding: We generally agree with the auditors' comments and make the following statement and have taken the following actions to improve the situation.

Action taken in response to finding: Firstly, NCC has a long-standing working relationship with the subrecipient. The subrecipient holds donated funds for NCC libraries, special events, and NCCPD Friends of the Mounted Patrol. Dependent on the IRS regulations for use of these funds, the subrecipient will either pay an invoice directly or will send NCC a "grant" in the amount of the fund. In the case of special events, NCC established an "operating grant" account under the Department of Community Services to receive grants from the subrecipient. Although NCC did not acquire a DUNS number from the subrecipient, which is not a requirement of the CARES Act, NCC does review their annual financial and audit reports which are posted on their website. NCC has never found a negative audit finding for the subrecipient.

Secondly, the County established a stimulus funding dashboard, which is an information technology solution that enables us to track, review, and approve requests for CARES Act funding. This solution was implemented on June 29,

2020. This solution requires certifications from subgrantees prior to approval of fund disbursement.

Lastly, we are currently working to fully document our policies around CARES Act funding and their respective business processes, and to safeguard that they are grounded in 2 CFR 200, to include subrecipient requirements. This effort is estimated to be complete by May 30th, 2021 and will be provided to all relevant county stakeholders. By providing instructional information to approvers, we will improve oversight of federal funding.

These actions, taken together, will improve the County's administrative oversight of both CARES Act funding, and additional stimulus funding in the future.

Name(s) of the contact person(s) responsible for corrective action: Michael Smith

Planned completion date for corrective action plan: May 30, 2021

If Department of Treasury has questions regarding this plan, please call Michael Smith at 302-395-5684.

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

No prior year findings related to federal awards.