



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Wednesday, August 25, 2021
11:00 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 member Dr. Karl Brockenbrough and NCC Housing Management Analyst Nicole Waters.

Committee Members Absent: NCC Audit Committee Chair Martin Taylor and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Others in Attendance: NCC Chief of Staff Aundrea Almond, Ben Morris-Levenson (NCC ARPA Coordinator), NCC Deputy Chief Administrative Officer Erik Raser-Schramm, Assistant County Attorney Nicholas Brannick, Dustin Hinkel (Grant Thornton), John Eldridge (Apothic Revenue), Debbie Ament (Apothic Revenue), Susan Moore, Adrienne Thomas and 3 other NCC staff members/members of public.

Proceedings:

- Co-Chair Bob Wasserbach started the meeting at 11:02 a.m.
- Councilwoman Kilpatrick made a motion to approve the minutes from the last meeting. The motion was seconded by Co-Chair Michael Smith. The minutes were approved unanimously.
- Co-Chair Wasserbach informed the committee that Dustin Hinkel is taking over as the overall Project Manager for Grant Thornton's (GT) engagement with NCC. After giving a quick overview of his background, Mr. Hinkel gave an update on the work being done by GT.
 - Fire Companies and Municipalities – GT has completed reviews of more than 72% of municipal and fire company requests with outstanding Requests for Information (RFIs) for about 10% of applications. For the municipalities, GT is starting to transition into closing out and organizing grant documentation to enable a final reconciliation of costs. Mr. Hinkel said that GT is trying to ensure that all supporting documents required by the Treasury OIG are being put together in a package for each municipality and fire company.
 - Internal Audit feedback – GT is continuing to work with the NCC Internal Audit team and incorporating their feedback on any issues.

- Internal Transactions – GT is sending out RFIs asking for documentation and information to internal Points of Contact (POCs) in the County to bolster justification for the County’s internal expenditures. Interviews are also being set up with the POCs.
- Paid Administrative Leave – GT is reaching out to POCs to gather more information.
- State Transfers – RFIs were sent to different contacts for the State programs. GT will continue to follow-up to obtain the required information from the State.
- Donors Choose – GT is finishing the last of the testing of the sample and putting together a final report for the County on the Donors Choose program.

Co-Chair Wasserbach asked whether GT had received any information from the State. Mr. Hinkel said that he was expecting to get an update from his State Transfers team leader soon after the meeting, but he understands that some follow-up is still needed to obtain the information from the State. Dr. Brockenbrough inquired whether paid administrative leave was over at this point. Co-Chair Smith said that he believed that paid administrative leave is being used now only if an employee has to quarantine, either due to contracting COVID-19 or due to being exposed to it. Co-Chair Wasserbach expressed his appreciation for the work done by Mr. Hinkel.

- John Eldridge and Debbie Ament from Apothic Revenue provided the committee with an update on their subrecipient monitoring of the grant programs. Mr. Eldridge shared his screen to show a chart on the progress made by Apothic Revenue. Mr. Eldridge said that in August, they have been busy with the restaurants as well as closing out some of the larger grants. The chart showed that overall there were more grants “in closing” than had been closed. Grants in closing have additional documentation pending; it is just a matter of contacting those organizations and explaining what is needed to substantiate the expenditure.
 - Innovation grants: A large majority are still in extension. Mr. Eldridge gave the example of an organization that is working on a filtration system with the EPA and had requested a 30-day extension due to delays at the EPA.
 - Health Equity grants: There is a significant amount in closing, and a lower amount with extensions. About 79% are closed or in review to be closed. There are a couple of HE grants where Apothic Revenue is questioning the expenditures and waiting to hear back.
 - Food grants: 98% are closed or in review to be closed. Of the 34 grants, Apothic Revenue has concerns regarding only 2.
 - Distance Learning grants: There hasn’t been much change since last month. Several have extensions till September while 62 are either closed or in processing to be closed.
 - Winter Ready Restaurant grants: 90% are closed or in review to be closed. Mr. Eldridge said that about half a dozen restaurants need to be visited.

Mr. Eldridge said that overall, 60% are either closed or in closing and 23% are on extension. There were no questions from committee members.

Co-Chair Wasserbach asked how the additional funds being made available to fire companies would be processed. Mr. Hinkel replied that the additional funds have been made available to assist the fire companies in meeting their staffing needs. GT is performing a review of these requests in the same way it has performed the previous reviews of municipalities and fire companies, and the GT testers are prioritizing these reviews.

- Co-Chair Wasserbach discussed the coverage of the Coronavirus Relief Fund (CRF) funds in the County's FY2021 Single Audit. He explained that the FY2021 Single Audit covering the period between July 1st, 2020 and June 30th, 2021 would cover about \$250 million (the FY2020 Single Audit had covered \$30 million) of CRF expenditures. The FY2021 Single Audit is expected to begin in October and will cover the various grant programs, internal County expenditures and transfers made to the State. To help ensure that the County has a favorable Single Audit outcome, the County Auditor's Office has been performing its own testing of CRF expenditures and regularly issuing memoranda highlighting its findings, which GT has been actively trying to address.

Councilwoman Kilpatrick asked about items that are not closed yet – would they go into the next audit? Co-Chair Wasserbach said that it was his impression that if something was not closed out for this year's audit, the external audit firm might end up having a comment about it in this year's audit. Councilwoman Kilpatrick pointed out that the County had till the end of 2021 to close out the CRF money. Mr. Hinkel agreed and said that the Single Audit guidance for CRF funds is still evolving. He said that he would need to look at the latest guidance to check. Co-Chair Wasserbach wondered whether, if the County is able to show that it has been making diligent efforts to get the documentation from the entities, the auditors might be able to give some leeway. Co-Chair Smith asked whether Councilwoman Kilpatrick was referring to the final closing out of CRF funds after the subrecipients had expensed the money and returned any funds left unused or used on ineligible items. Councilwoman Kilpatrick confirmed that was what she meant. Co-Chair Smith said that the County's expectation is that the coverage period goes till the end of this calendar year, with 90 days available after that to close out. Also, the reporting period to the federal government goes until the third quarter of the next calendar year. This would give the County time to settle any issues like repurposing leftover/returned funds, non-responsiveness of subrecipients, etc.

Co-Chair Wasserbach asked Ms. Waters what happens in the Community Services Department when not all of the documentation supporting expenditures in a fiscal year is available when the auditors come in – do the auditors look for completed documentation then to support that the money was spent in compliance with federal requirements? Ms. Waters replied that things are done differently in the Community Services Department because the Community Development Block Grant (CDBG) funding is very strict and a much smaller program. Currently, supporting documentation from subrecipients is required upfront before any funds are reimbursed. Before Ms. Waters took over the role, the County would sometimes make advance payments and then close out the funds in

accordance with the program's requirements, similar to what is being discussed here. Being a small program, it has been possible to manage the CDBG program better with upfront requirements.

Councilwoman Kilpatrick said that her concern was that the subrecipients should provide NCC with all the necessary documentation quickly and not expect any more extensions. Even though the County might have some time to close out the funds, being the direct recipient of the CRF funds, NCC must push the subrecipients for the required documentation since ultimately NCC is responsible to the federal government for managing the appropriate use of the funds.

- Ms. Almond provided an overview of the work being done by the various American Rescue Plan Act (ARPA) committees. She noted that the ARPA requirements have a greater emphasis on metrics than CRF funds. The Early Childhood Learning and Economic and Community Development committees have already shared their recommendations with the County Executive.

Some of the recommendations of the Early Childhood Learning Committee have been in the area of providing grants to childcare providers in eligible areas of the County, boosting home visits by care providers for expecting families, addressing workforce gaps with some workforce development suggestions and providing support for families with special needs. At this point, these are recommendations which will be considered by the Executive office and Council. Another piece that is being looked at is the plans that the State has in this area so that the County's programs are not duplicative.

The Economic and Community Development Committee focused on commercial corridor programs in targeted areas of the County, grant programs for nonprofits and small businesses and greening activities in certain areas.

The Workforce Development Committee will be presenting their recommendations the next day, while the Intergovernmental Collaboration Committee is next slated to meet in September. The Workforce Development Committee has been discussing certain areas of Workforce Development needs like certain trades, computer programming and early childhood learning, while the Intergovernmental Collaboration Committee is likely to look at some infrastructure projects.

Dr. Brockenbrough asked whether each group would have metrics. Ms. Almond replied that all programs under ARPA are required to have robust metrics; only infrastructure projects might not need metrics. Dr. Brockenbrough then asked what would happen if a group came up with 3 metrics but only 1 was met – would the funds have to be returned then? Mr. Hinkel replied that as long as the County is collecting the data and reporting per ARPA, Treasury would not penalize the County if the stated objectives are not met. Ms. Waters agreed with Mr. Hinkel saying that she had never had

to return funds if stated outcomes were not met. She often asks the entity to justify why the shortfall happened. But as long as it is an eligible expense and proper due diligence is followed to ensure that the stated outcomes were achieved, HUD does not penalize for shortfalls/underachievement.

Co-Chair Wasserbach mentioned that the State is going to issue a broad outline of what it intends to do with its ARPA funds soon. Ms. Almond added that the County Executive and Chief Administrative Officer had met with the State's ARPA Coordinator, Claire DeMatteis, earlier that week.

- Mr. Brannick filled in the committee on a lawsuit that has been filed against a Health Equity grant recipient who has not been responding to requests for information.
- It was decided that the next meeting would take place on Wednesday, September 22nd at 11 a.m. The meeting ended at 12:01 p.m.