



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Wednesday, October 27, 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) and 2 other NCC staff members/members of public.

Proceedings:

- Co-Chair Bob Wasserbach started the meeting at 11:03 a.m.

- Since there was no quorum to approve the previous meeting's minutes, Co-Chair Wasserbach went to the next item on the agenda and invited John Eldridge and Debbie Ament from Apothic Revenue to provide an update on the subrecipient monitoring of grants by them. Mr. Eldridge shared his screen to show charts on the progress made by Apothic Revenue. Mr. Eldridge said that not much had changed in October; a significant amount of grants is still under review. Apothic is having to continuously go back to recipients to request additional information. While the Food Inequity and Winter Ready Restaurant grants were nearly wrapped up, additional push is needed for Distance Learning. A significant number of grants have been closed, mainly due to the large number of Winter Ready Restaurant grants which are small dollar-wise.
 - Innovation grants: Some of the innovation grants are still on extension, while a significant number are in review. There is a \$2.1 million grant which Apothic is trying to close this week.
 - Health Equity grants: Mr. Eldridge said that several grants are under review, approximately \$3 million. Approximately \$2 million in grants have been closed.
 - Food grants: Mr. Eldridge said that these grants are easy to close and only 1 grant has been non-responsive. Almost \$1 million in grants have been closed (of \$1.2 million total). He said that he had an initial conversation with Mr. Brannick on sending a letter to non-responsive grantees.

- Winter Ready Restaurant grants: Around 4-5 of the Winter Ready Restaurant grant recipients have been non-responsive. Co-Chair Wasserbach noted that the amount closed was \$400,000 and asked what was the number of grants that had been closed. Mr. Eldridge said that from the chart, it seemed like 88 had been closed but he could provide Co-Chair Wasserbach the exact number if needed.
- Distance Learning grants: Around 20 of these grants are still under extension till the end of the year, accounting for approximately \$670,000 of the \$4.1 million in total Distance Learning grants. The school districts are telling Apothic that while items have been ordered, they have not been received yet. Co-Chair Smith added that supply chain issues are being faced by the schools, which could possibly result in funds being returned if the items are not received.

Mr. Eldridge said that Apothic had received feedback from Co-Chair Wasserbach's office and would be taking that into consideration. Dr. Brockenbrough suggested that the Apothic reports show current status along with the previous month's status. This would help the committee members monitor the progress being made. Mr. Eldridge agreed to do so.

Ms. Waters said that the Community Development Block Grants (CDBG) typically have contracts which have language about reporting non-compliance to the federal government which could affect the organization's future funding. She asked whether the agreements with the CARES subrecipients also have such language. Co-Chair Smith explained that due to the emergency nature of the CARES Act, it is free of many such penalties and restrictions. Nevertheless, he pointed out that if the County has an issue with any of the CARES subrecipients, per the agreements it can demand return of funds and take legal action. Mr. Brannick added that in the case of one non-responsive subrecipient, a lawsuit had been filed in the Superior Court. Although this is not the preferred option, due to the lawsuit the organization became more responsive. He said that any non-complying organization would first receive a phone call from the Office of Law followed by a letter and litigation would be the last option.

There were no additional questions for Apothic.

- Co-Chair Wasserbach invited Dustin Hinkel from Grant Thornton (GT) to provide an update on the work being done by GT. Mr. Hinkel began by saying that it had been a busy month for GT, with break throughs in two areas – the Donors Choose program and State transfers.
 - FEMA – Mr. Hinkel said that 9 project worksheets/applications have been submitted to FEMA and GT is working with FEMA on these.
 - Internal Transactions – With the last 22% remaining, internal transactions are starting to get to the point where GT can build the final report. GT's goal with internal transactions is to help

the County identify documentation needs to bolster its case for the eligibility of the expenditures made.

- Policies and Procedures manual – This is very close to completion.
- Internal Audit concerns – GT is nearing the end of this process and has cleared 259 of 288 comments.
- Fire Companies and Municipalities – GT has completed reviews of more than 82% of municipal and fire company requests. This accounts for about \$20.8 million, which is slightly higher than what NCC actually paid because it includes pre-approvals as well as reimbursements. 41 applications are in RFI sent status. For the second phase of funding to volunteer fire companies, reviews of about 50% of the applicants have been completed. Another 13%, or 5 applications, are in QA/QC review. GT is also working with 8 applicants to get appropriate documents before releasing funds.
- Paid Administrative Leave – GT is generating the population for testing and continuing its conversation with the NCC Office of Human Resources.
- State Transfers – Mr. Hinkel said that a lot of documentation has been received from the State recently and GT is in the process of reviewing it. Co-Chair Wasserbach inquired whether GT had heard anything from the 2 State programs that had not responded. Mr. Hinkel said that he believed one of those programs had provided some information.
- Donors Choose – GT continues working on resolving issues of shipping, substitutions and rejects processing with Donors Choose.

There were no additional questions for GT.

- Co-Chair Wasserbach asked whether there was a motion to approve the minutes from the previous meeting. Councilwoman Kilpatrick made the motion to approve the minutes, which was seconded by Dr. Brockenbrough. The motion was passed unanimously.
- Co-Chair Wasserbach provided an update on the upcoming Single Audit. He said that work on the Single Audit by the County's external auditors, CliftonLarsonAllen (CLA), was scheduled to begin next week. During the Single Audit, CLA would look at the County's use of CRF funds. Before the Single Audit, CLA would have a call with Co-Chair Wasserbach, Co-Chair Smith and GT on its sample selection and testing.

Co-Chair Wasserbach went over the Audit and Compliance committee's responsibilities. He said that in the January 2021 meeting of the committee, he had provided an update on the committee's 2 responsibilities – developing reporting standards for the grant subrecipients (the committee developed a subrecipient monitoring policy as well as an excel workbook to meet this responsibility) and preparing reports requested by the County Executive (the County Executive did not request any reports from the committee). He noted that while the original responsibilities for the committee had

included review of expenditures, this responsibility had subsequently been removed from the final document. Only the Office of Finance, GT and Apothic Revenue are reviewing CARES expenditures. The Audit and Compliance Committee is not responsible for looking at expenditures. The County's Internal Audit Department has been reviewing a sample of expenditures and providing feedback.

- Co-Chair Wasserbach invited Ms. Almond to provide an update on the American Rescue Plan Act (ARPA) funds. Ms. Almond said that an Ordinance (#21-129) detailing the proposed expenditures from the first tranche of ARPA funds received has been introduced in Council and will be voted on November 9th. Also, the Administration is continuing to follow discussions in the National Association of Counties (NACo). There is currently discussion on possible increased flexibility in use of ARPA funds on infrastructure. Also, the final U.S. Treasury rule is unlikely to be out by the end of the year. So, the County will be using the guidance provided in the Interim Final Rule. Co-Chair Wasserbach inquired whether the flexibility would add more categories of infrastructure or only provide more flexibility to expenditures in the existing 3 categories of broadband, sewer and water. Ms. Almond replied that probably the categories would be broadened. Mr. Hinkel added that it would broaden the use of funds for general government services. He explained that currently the recipients are restricted to only be able to fund general government services up to the point of their lost revenue. The new legislation would allow recipients to allocate a greater percentage up to a greater cap to fund general government services which can fund PAYGO infrastructure projects that go beyond the 3 infrastructure projects already written into the legislation.

There were no additional questions for Ms. Almond.

- It was decided that the next meeting would take place on Wednesday, December 1st at 11 a.m.
- The meeting ended at 11:43 a.m.