



**CARES Act Task Force Audit & Compliance Committee Meeting**  
**Meeting Minutes – Wednesday, February 9, 2022**  
**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, and NCC Audit Committee member Dr. Karl Brockenbrough.

**Committee Members Absent:** Past NCC Audit Committee Chair Martin Taylor, Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP), and NCC Housing Management Analyst Nicole Waters.

**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, Charuni Patibanda (NCC Director of Economic Development), Dustin Hinkel (Grant Thornton), Dave Barth (Grant Thornton), John Eldridge (Apothic Revenue) 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 previous meeting's minutes (January 12, 2022), which was seconded by Co-Chair Michael Smith. The minutes were passed unanimously.
- Co-Chair Wasserbach invited John Eldridge from Apothic Revenue to provide an update on the status of subrecipient monitoring of grants by them. Mr. Eldridge provided the update using a new format. Mr. Eldridge said that except for Distance Learning (DL), nothing much has changed from January. He also noted that the majority of the grantees have provided documentation.
- Innovation grants: Mr. Eldridge said that while the chart shows that only 16% have closed, all have provided information. He discussed the case of one organization that had provided over \$100,000 to a defunct vendor. The organization had provided Apothic all the documentation and all the numbers had been reconciled. On doing research, Apothic discovered that the vendor was defunct and had returned a significant portion of the \$100,000 to the organization, and the organization has then gone with another vendor that will do the work. As a result of this, the organization will return to the County about \$50,000 of the grant. But this will require a lot of back and forth and will be a long process.

Mr. Eldridge also pointed out that although a majority of the grants (except a couple of Winter Ready Restaurant grants and one school district) have provided information, some are not reporting the full use of the grant. For example, an organization with \$500,000 in grant funds might give information on only \$375,000. This drags out the process.

- Health Equity (HE) grants: Majority of the hospitals have provided the information and have been closed out. One of the applicants is to provide information this week.
- Food grants: About 90% are closed, no significant change since last month.
- Distance Learning grants: Documentation has been received from all but one school district, and Co-Chair Smith has been informed about the school district.
- Winter Ready Restaurant (WRR) grants: There are a couple of straddlers and, as with other grants, in some cases the information provided is not adding up to the total. Also, one restaurant has closed.

Co-Chair Wasserbach noted that he liked Apothic's earlier reporting format better, with a table showing numbers and percentages. The new format is more confusing. Mr. Eldridge said that he would be okay with going back to the earlier format. Co-Chair Wasserbach asked if any other committee members had any comments on the new format. Councilwoman Kilpatrick said that she liked having all the information in one screen but would like to see more numbers.

Councilwoman Kilpatrick asked about the next step for organizations that had problems other than getting their documentation to the County, like in the case of the restaurant that was sold. Mr. Brannick replied that the first step would be to reach out to such entities with a demand letter. He said that for the restaurant that was sold, whether the purchaser would be liable for the grant would depend on a number of factors that could be determined during discovery after filing for litigation. Mr. Brannick also noted that it might be worthwhile to consider the best use of County resources for the smaller grants. For example, it might be better to pay back the Treasury \$5,000 than spend County resources trying to track down a \$5,000 grant. Councilwoman Kilpatrick said that the County should try to know soon how much amount is in limbo. Mr. Eldridge agreed and said that probably Co-Chair Wasserbach, Co-Chair Smith, Mr. Brannick and he should meet to decide the point at which an entity is asked to refund the County funds. Mr. Brannick agreed and said that demand letters are sometimes an effective way of recovering funds.

- Co-Chair Wasserbach invited Dustin Hinkel from Grant Thornton (GT) to provide an update on the work being done by GT. Mr. Hinkel shared a slide presentation and said that GT is continuing to close out some of its work streams.
  - Fire Companies and Municipalities – Closeout and reconciliation packages are in the final stages of GT's Quality Control review for 7 out of 11 municipalities. 83% of the municipality and fire

company reviews are complete. Phase 2 funding for fire companies is almost 80% complete as well.

- Paid Administrative Leave – GT is finishing its review and reconciliation this month.
- Donors Choose – GT will be providing Co-Chair Smith a briefing on results of GT's compliance testing work done on Donors Choose.
- Internal Transactions – Mr. Hinkel said that 29 risk bulletins for expenditures requiring more justification have been finalized and provided to the County. He said that an additional project has been obligated by FEMA, hence the 'Duplicated in FEMA Claim' amount has increased to 20.4% in the Internal Transactions Snapshot chart. Correction will be made in the next reporting period so that no duplication occurs in reporting. The bulk of the risk bulletins relate to the Hope Center (19 of 29).
- FEMA – Mr. Hinkel said that one project (\$6.9 million) got moved to 'Pending Peer Review' status. He explained that in the State of Delaware, FEMA does a lot of the preliminary reviews upfront so quick jumps in status are seen after the initial review phase.
- State Transfers – GT is putting together all the required documentation for CFR 200 compliance. For this, GT is formalizing each step of the process that the County took. It is completing the narrative of how each program was assessed and performing desk reviews of each of these programs. In the last couple of months, GT has received more documentation than needed. So, GT is now going through the documents and data and putting them in the right place to demonstrate what the outcomes of the monitoring process were.

Dr. Brockenbrough asked which department is responsible for making appeals to FEMA. Mr. Hinkel replied that GT has been working with the Office of Emergency Management on FEMA projects. He said that he would need to check whether a formal appeal on the \$500,000 Wastewater Epidemiology project had been made. Dr. Brockenbrough asked what happens if FEMA rejects the appeal. Mr. Hinkel replied that the money has already been spent and it would remain a CRF expenditure.

Co-Chair Wasserbach referred to GT's summary slide and asked whether the 3 municipalities requiring mitigation meant that there were questioned costs for these municipalities. Mr. Hinkel said 'yes' and added that as brought up by Mr. Brannick earlier, the County would need to do a cost benefit analysis of the questioned costs and decide whether to go back to the municipalities to find other eligible expenditures, use the flexibility of the CRF program to make additional determinations which would clarify the eligibility of the use, or assume the risk based on the amount questioned.

- Co-Chair Wasserbach invited Mr. Morris-Levenson to provide an update on the ARPA compliance process. Mr. Morris-Levenson told the committee:
  - The online ARPA portal is now active. There are currently 20 funding requests at various phases of the review process.

- Council passed an ordinance to create up to 10 term-limited positions to help with the administration of the ARPA grant. When the positions and nominees are determined, the Administration will be going back to the Council for approval.
- The County submitted its first quarterly ARPA report on January 31<sup>st</sup>, 2022. It was a short one with only premium pay and ARPA Coordinator pay expenses. The next report is due at the end of April.
- The Administration is providing regular ARPA updates to Council on the fourth Tuesday of the month.

Co-Chair Wasserbach asked whether there were still any appeals on premium pay. Mr. Morris-Levenson replied 'yes' and that it had been noted in the ARPA quarterly report. Co-Chair Wasserbach then asked whether the 10 temporary positions would be working for Mr. Morris-Levenson. Mr. Morris-Levenson said 'no', that 3 of them would be for expansion of Project SEED and the other positions are yet to be determined based on need. Dr. Brockenbrough wondered whether the new positions would help the Audit and Compliance committee and Internal Audit. Mr. Morris-Levenson said that these positions would not necessarily be audit and compliance roles but would assist with meeting ARPA requirements. Dr. Brockenbrough inquired whether the positions would help with the delinquencies of reports being discussed earlier. Mr. Morris-Levenson said that the new positions would not help with CARES delinquencies but will help reduce such delinquencies in ARPA. Ms. Almond added that the intention of these temporary positions is to ensure that ARPA programs are implemented and meeting the performance goals set. GT will review the job descriptions to ensure that ARPA requirements are met for each of the positions. Also, the positions and nominees will need Council approval.

- Co-Chair Wasserbach provided a brief update on the FY 2021 Single Audit. He said that the Schedule of Expenditures of Federal Awards (SEFA) will be ready for the external auditors at the end of April. Co-Chair Smith agreed. Co-Chair Wasserbach asked whether the FY2021 Single Audit needs to be submitted by September 30<sup>th</sup>, 2022. Mr. Hinkel confirmed that to be correct.
- The Committee decided that the next meeting would take place on Wednesday, March 9<sup>th</sup>, 2022, at 11 a.m.
- The meeting ended at 11:42 a.m.