



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Wednesday, January 12, 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, NCC Audit Committee member Dr. Karl Brockenbrough, Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP) and NCC Housing Management Analyst Nicole Waters.

Committee Members Absent: Past NCC Audit Committee Chair Martin Taylor

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), Debbie Ament (Apothic Revenue) and 5 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 (December 1, 2021), which was seconded by Dr. Brockenbrough. The minutes were passed unanimously.
- Co-Chair Wasserbach invited John Eldridge and Debbie Ament from Apothic Revenue to provide an update on the status of subrecipient monitoring of grants by them. Mr. Eldridge shared a slide presentation. Mr. Eldridge said that increased COVID-19 infections among subrecipients has impacted Apothic's ability to collect information from them. He pointed out that Innovation grants were the largest amount in review. While there has not been much change since last time in Innovation grants (12% closed in amount), Apothic has received information on 85% (by amount) of these grants. Mr. Eldridge noted that in the case of some large grants, just 1 or 2 missing documents is keeping Apothic from closing the grant. He also said that due to the urgency in closing grants, Apothic is visiting the subrecipients to pick up documentation. Apothic has also referred the 6 subrecipients with issues to the NCC Office of Law for further follow-up with letters. Mr. Eldridge said that next they would need to work on the 8 subrecipients who have submitted no documentation at all. He was not as concerned about the 3 schools with no documentation as they are a part of the 19

Distance Learning grants in extension. He said that everyone else that has an extension has been contacted and has started providing documentation.

- Food grants: Mr. Eldridge said that a significant amount of food grants has been closed compared to last month.
- Distance Learning grants: This was unchanged from last month. The majority of it is 2 school districts from which Apothic has either received documentation and is reviewing it or is waiting to get documentation.
- Innovation grants: Mr. Eldridge said that those that have not provided documentation (just one) or those that are under extension have been contacted. Some of those under extension have requested until the end of January to provide documentation.
- Health Equity (HE) grants: A significant amount of HE grants is in review. There are a few missing documents, but everyone has been cooperative in providing information.
- Winter Ready Restaurant (WRR) grants: These are close to being completed. There are just a couple of straddlers.

Mr. Eldridge noted that Apothic is looking at some WRR grants and HE grants that have been reimbursed for salaries & wages and may have received other federal funds for the services those employees provide (to make sure that there isn't any double dipping). For example, with WRR grants there are a couple of subrecipients that have utilized their funds to pay salaries for employees who were engaged in disinfecting surfaces, etc. For those, Apothic will check to see if the entities received funds from federal programs like the Paycheck Protection Program.

Dr. Brockenbrough asked about the 28 Innovation grants on Apothic's 1st slide. While 10 of those are closed and 14 are in review, what is the status of the other 4? Mr. Eldridge replied that for 1 there were no documents, while 1 had issues. He will look into the remaining 2 Innovation grants; they might be in extension which wasn't reflected in the report. Dr. Brockenbrough then asked whether the two organizations that had not provided any documentation as per the last month's meeting minutes provided any documentation. Mr. Eldridge replied that one of the organizations had just provided documentation and was therefore still in the No Documentation status in the report and the other one has provided some information and is under an extension.

There were no other 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 shared a slide presentation and said that GT is looking to finalize its various workstreams in January.
 - FEMA – Mr. Hinkel said that 2 projects have been obligated, while 5 are in various phases of review by FEMA. One project was denied by FEMA and GT is currently reviewing to see if the denial can

be appealed. Co-Chair Wasserbach asked whether the difference between Cost Estimates and Cost Actuals was that the Cost Estimates were provided by GT and Cost Actuals were costs confirmed by FEMA as being eligible. Mr. Hinkel said that that was indeed the case. Councilwoman Kilpatrick wondered if that was because FEMA reimburses up to 75% instead of 100%. Mr. Hinkel said that in the case of CRF, FEMA is reimbursing 100%. The differences between Cost Estimates and Cost Actuals arise when FEMA makes determinations that partial costs are not eligible for a project. Mr. Barth added that Cost Actuals follow the sequence of FEMA's approval process.

- Internal Transactions – Mr. Hinkel said that 29 risk bulletins for expenditures requiring more justification are being finalized. For purposes of the Single Audit, Co-Chair Wasserbach asked whether GT had a breakdown of risk bulletins by Fiscal Year. Mr. Hinkel said that though he didn't currently have such a breakdown, it would be a good way for the County to prioritize responses to the risk bulletins. He also added that many of the Internal Audit concerns are covered in the risk bulletins.
- Fire Companies and Municipalities – December saw a good uptick in reviews completed to 319. 32 applications are in "RFI sent" status. GT has finished the close-out package for the City of Wilmington and is working on the City of Newark.
- Paid Administrative Leave – GT is continuing to work on getting the timeline for the closures of facilities from the County.
- State Transfers – GT has been following up with the State for additional information. Gt will be stepping up its efforts in January.
- Donors Choose – GT is continuing to work on wrapping up testing this month. They will be providing a report to management on their testing.

There were no additional questions for GT.

- Co-Chair Wasserbach invited Ms. Almond and Mr. Morris-Levenson to provide an update on the ARPA compliance process. Mr. Morris-Levenson said that the County has worked with SimpliGov to create the online portal for processing the ARPA requests. The portal will be launching next week. He also noted that he is working with GT on the first ARPA project and expenditure report due by the end of January. The only expenditure that will be covered in this report is the premium pay given to employees. Mr. Morris-Levenson also noted that the Treasury just released the Final Rule and the Administration is reviewing it. In particular, the Administration is looking at the revenue replacement category. Co-Chair Wasserbach asked how many, if any, project forms had been submitted. Mr. Morris-Levenson said that since the SimpliGov portal has not been launched yet, there are no formal applications yet. But he has about 5-10 proposals which are being evaluated by GT. Councilwoman Kilpatrick asked whether the County is going to require all ARPA requests to be made electronically so that everything is in one place. Mr. Morris-Levenson said yes; even if it is a paper application, it would be uploaded into the system before any funds are disbursed.

Co-Chair Wasserbach asked whether there were any significant changes in the Final Rule. Mr. Hinkel said that the lost revenue allowance was the biggest change in the Final Rule. Now, instead of using a formula, recipients have the option of getting a \$10 million allowance for lost revenue. Preliminarily, it seems to be more effective for organizations near the \$10 million loss mark; the County has calculated its revenue loss as much more than this. The Treasury has also provided greater clarification on some definitions and methods. This makes documentation and data gathering easier. The Final Rule also provides greater clarity on beneficiary relations which affects the oversight of vendors and subrecipients. The Treasury has also provided some additional information on capital expenditures which would need to be accounted for in justifications and reporting.

Dr. Brockenbrough inquired whether ARPA recipients are required to prepare any interim reports. Mr. Morris-Levenson replied that NCC has quarterly reporting requirements under ARPA. So, all ARPA agreements will require the subrecipients to provide necessary information for the County to fulfill its reporting requirements under ARPA. Councilwoman Kilpatrick said that given the difficulty with the CARES Act in getting information from some subrecipients, will the required information reporting be tied in with release of funds incrementally? Mr. Morris-Levenson replied yes, that would be the starting point for any of these types of grants.

There were no more questions for Mr. Morris-Levenson.

- Co-Chair Wasserbach provided a brief update on the FY 2021 Single Audit. He said that the County's external auditors, CliftonLarsonAllen (CLA), would be having a call with the Office of Finance next Tuesday on when the Schedule of Expenditures of Federal Awards (SEFA) will be ready.

There were no questions on the Single Audit.

- The Committee decided that the next meeting would take place on Wednesday, February 9th, 2022, at 11 a.m.
- Councilwoman Kilpatrick made a motion to adjourn, which was seconded by Dr. Brockenbrough and passed unanimously. The meeting ended at 11:43 a.m.