



CARES Act / ARPA Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Wednesday, March 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, NCC Audit Committee member Dr. Karl Brockenbrough and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Committee Members Absent: Past NCC Audit Committee Chair Martin Taylor 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, Dustin Hinkel (Grant Thornton), Dave Barth (Grant Thornton), Brad Johnson (Grant Thornton), John Eldridge (Apothic Revenue), Debbie Ament (Apothic Revenue) and 3 other NCC staff members/members of public.

Proceedings:

- Co-Chair Bob Wasserbach started the meeting at 11:01 a.m.
- Councilwoman Kilpatrick made a motion to approve the previous meeting's minutes (February 9, 2022), which was seconded by Mr. Haskins. 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, which included the new statistic 'Amount to Return'. Mr. Eldridge said that there had been a significant increase in Distance Learning (DL) grants closed.
 - Food grants: Most of the grants are closed with \$144,000 in grants left to review. 27 of 34 grants have been closed.
 - Distance Learning grants: All documentation has been received and Apothic is close to being done reviewing them. 87 of 100 grants have been closed. There is about \$28,000 to be returned for this grant program, ranging from schools needing to return \$1 to a school not having used any of their grant money. Apothic will be sending these schools and districts a Fund Return Form. Co-Chair Wasserbach asked whether the Fund Return Form had been designed. Mr. Eldridge replied

that the form had been designed by Apothic and approved by Co-Chair Smith and the NCC Office of Law.

- Innovation grants: Mr. Eldridge said that starting this month, the 'Amount Closed' accurately reflects the expenditures approved. For example, if for a \$100,000 grant, expenditures worth \$86,000 have been approved, the \$86,000 would show up in the 'Amount Closed' statistic. 12 of 27 Innovation grants have been closed.
- Health Equity (HE) grants: Apothic has recently received a significant amount of information from one hospital. Apothic is in the process of reviewing and approving these expenditures. 20 of 54 grants have been closed.
- Winter Ready Restaurant (WRR) grants: This grant program is close to being complete. 91 of 101 grants have been closed. Apothic is working with the Office of Law to send out letters to those that have not responded. Currently there is about \$10,000 for which no response has been received while another \$2,500 has issues.

Mr. Haskins inquired what the County's obligation is for funds that are returned. Co-Chair Smith replied that if returned funds cannot be repurposed for another eligible CARES Act expenditure, they would need to be returned to the U.S. Treasury. He said that nothing has been booked yet for salaries and benefits of substantially dedicated employees for the current fiscal year. He was expecting to have between \$10-15 million of funds to allocate from FEMA receipts, leftover money after closing purchase orders, returned grant funds, etc. to allocate to the County's eligible internal CARES expenditures, which were likely probably twice that amount. Co-Chair Smith noted that with CARES, the County had 9 months from December 31, 2021 to close the grant and the goal was not to send any money back to the Treasury. Co-Chair Wasserbach asked about the \$10-15 million mentioned by Co-Chair Smith. He asked whether that was the amount expected in returned grant funds. Co-Chair Smith replied that the \$10-15 million is the amount he estimates to book towards salaries and benefits of substantially dedicated employees. A substantial portion of the \$10-15 million would be from FEMA reimbursements, not returned grant 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.
 - FEMA – Mr. Hinkel said, as mentioned by Co-Chair Smith, that GT is tracking about \$11 million in FEMA reimbursement requests, some of which has already come back. GT is continuing to field any FEMA requests for information and providing clarification on the nature of expenditures for the various projects under FEMA review.
 - Internal Transactions – Mr. Hinkel said that GT is reviewing the information provided by the County on its risk bulletins. Mr. Hinkel said that GT has issued 29 risk bulletins seeking more information on internal County expenditures.

- Fire Companies and Municipalities – GT continued to review new fire company requests in the last month. The closeout process has been completed for 7 applicants and closeout packages are being prepared for 5 more applicants. 20 applicants are still going through the closeout process. GT is focusing on \$600,000 worth of fire company expenditures that GT has expressed some concerns over and is trying to find alternate eligible expenditures.
 - Paid Administrative Leave – GT is working with the County to clarify facility closure dates for the non-substantially dedicated employees who availed of paid administrative leave (accounts for about half of total dollar amount for employees who availed of paid administrative leave).
 - State Transfers – GT has finished the desk reviews for each of the programs. Risk assessments and compliance programs are being finalized for presentation to the County. Co-Chair Wasserbach asked whether Mr. Hinkel meant testing programs when he referred to compliance programs. Mr. Hinkel said yes, compliance testing is being tailored to particular risks.
 - Donors Choose – GT is continuing to finalize the support packages for the County.
 - Mr. Hinkel introduced his associate, Brad Johnson, who is spearheading GT's ARPA assistance to the County.
- Co-Chair Wasserbach invited Mr. Morris-Levenson to provide an update on the ARPA funding and compliance processes. Mr. Morris-Levenson told the committee:
 - There are currently 29 funding requests in the ARPA portal.
 - Two of the 10 term-limited ARPA positions authorized in Ordinance 22-012 have been filled so far. Retired Lt. Gerald Tatum will spearhead Project SEED and Mr. Morris-Levenson will be the ARPA Coordinator.
 - The next quarterly ARPA report to Treasury is due at the end of April.
 - All premium pay appeals have been addressed with only one from FOP going to arbitration.
 - Regular updates to County Council continue with one scheduled for end of the month.

Next, Brad Johnson from GT gave an overview of work being done by GT on ARPA. He said that GT is performing project eligibility determinations and compliance evaluations of ARPA funding requests in the portal. He said that of the 29 total projects:

- Approved = 5. These 5 projects have received eligibility determinations and their compliance memoranda (which include required reporting requirements) have been accepted by the County.
- Under NCC Review = 3. GT has made a determination on their ARPA eligibility and the County is reviewing these determinations and compliance memoranda.
- Under GT Evaluation = 5. These projects have reached the 75% completion mark for submission to the County.
- Next to Review = 4. These projects are next in queue to begin eligibility determination and review.
- On hold by NCC = 4. These projects have been identified as a project and have been wait listed for further internal processing.

- On hold by NCC = 8. These projects have not been titled or identified by project description.

Co-Chair Wasserbach asked about the order in which the various reviews happen. Mr. Morris-Levenson said that first there is a policy review which determines whether the project is a worthwhile goal for the County to pursue. Following this, the Office of Law does an initial review to determine whether the project is something worth GT spending their time on a more in-depth review. Then GT does an in-depth compliance review and documents its determination, including what type of monitoring is needed for the recipient of the funds. The Office of Law draws up the contract(s) governing the project and, after the contract(s) are signed, the money goes to the applicant. GT will be performing the appropriate monitoring of the recipient of the funds.

Co-Chair Wasserbach then asked about the 5 projects 'Under GT Evaluation'. Mr. Johnson explained that for these projects, GT has looked at them, aligned them to an expenditure category, made some recommendations for risk control, but there may be further information needed to support it or the review might not yet be completed for these projects. Co-Chair Wasserbach also inquired about the 8 projects 'On hold by NCC'. Mr. Johnson explained that these project numbers were placeholders and did not have a project attached to them yet.

- Co-Chair Wasserbach discussed the FY2021 Single Audit. He said that he had heard that the Schedule of Expenditures of Federal Awards (SEFA) would be provided soon to the external auditors. This would enable the external auditors to begin work on the Single Audit. Dr. Brockenbrough inquired about the County's end of fiscal year. Co-Chair Wasserbach replied that it was June 30th.
- It was decided that the next meeting would be held on Wednesday, April 13th 2022 at 11 a.m.
- Councilwoman Kilpatrick made a motion to adjourn the meeting. Mr. Haskins seconded the motion. The motion was approved unanimously.

The meeting ended at 11:33 a.m.