



**CARES Act / ARPA Task Force Audit & Compliance Committee Meeting**  
**Meeting Minutes – Wednesday, April 20, 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:** County Councilman George Smiley, NCC Chief of Staff Aundrea Almond, Ben Morris-Levenson (NCC ARPA Coordinator), NCC Deputy Chief Administrative Officer Erik Raser-Schramm, County Attorney Will Davis, Dustin Hinkel (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 (March 9, 2022), which was seconded by Dr. Brockenbrough. The minutes were passed unanimously.
- Co-Chair Smith provided the committee with an update on the status of the subrecipient monitoring. He noted that two vendors have been helping the County with the CARES CRF funds compliance. While Apothic Revenue has been working on the monitoring of some subrecipients and beneficiaries, Grant Thornton has been looking at others as well as acting as the overall compliance vendor. Co-Chair Smith said that the program is winding down now and the County will be transitioning to a single vendor, GT, for the close-out period. Apothic will hand over what they have to GT. He did not have an exact timeline on how long the transition would take.

Mr. Haskins asked whether the grantees would know who to reach out to if they had questions. Co-Chair Smith replied that all the grantees who either need to supply documentation or haven't supplied documentation will be provided notification about the transition. Councilwoman Kilpatrick thanked Mr. Eldridge and Ms. Ament for their efforts, and agreed that it was time to transition to one vendor for compliance.

Mr. Eldridge and Ms. Ament thanked the committee and proceeded to provide their update on subrecipient monitoring. Mr. Eldridge said that 69% of the total number of grants are now closed, compared to 59% last month. 99% of the grants are in closing with the biggest jump being in Distance Learning. In terms of dollar amounts, nearly \$12.7 million worth of grants have been closed while \$5.6 million are in review and \$127,800 will be returned to NCC.

- Innovation grants: Mr. Eldridge said that of the \$5.757 million, \$3.81 million in grants have been closed and \$1.947 million worth of grants are in review. In terms of number of grants, 13 of 26 total grants have been closed.
- Health Equity (HE) grants: Mr. Eldridge said that of the \$6.519 million, \$3.6 million in grants have been closed and \$2.92 million worth of grants are in review. For one of the organizations, lack of receipts is keeping Apothic from closing the grant. In terms of number of grants, 24 of 54 total grants have been closed
- Food grants: Most of the grants are closed with about \$35,000 in grants left to review. 31 of 34 grants have been closed.
- Winter Ready Restaurant (WRR) grants: Not much has changed since last month. \$420,000 of \$476,000 of the grants given have been closed. 91 of 101 grants have been closed. Apothic is still trying to reach out 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.
- Distance Learning grants: About \$3.6 million of \$4.5 million has been closed with \$724,000 or 21 grants in review. 89 of the total 110 grants have been closed. All the grants in review are from the same school district which did not provide data by individual schools.

There were no further questions for Apothic.

- Co-Chair Wasserbach invited Grant Thornton (GT) to provide an update on the work being done by GT. Mr. Hinkel shared a slide presentation on GT's work on CRF Funds.
  - FEMA – Mr. Hinkel said that GT is continuing to work on moving the CRF projects identified for FEMA funding through the queue. He said that the \$6.9 million COVID 19 Testing Distribution round 1 project is close to being obligated. GT also continues to flag projects proposed for ARPA funding as possible FEMA projects when eligible.
  - Internal Transactions – Mr. Hinkel said that GT is continuing to resolve a few of the outstanding risk bulletins with the County. He noted that for 70% of the internal transactions, GT has found adequate supporting documentation and some of the internal transactions have been identified as FEMA eligible. Mr. Hinkel said the Hope Center makes up a bulk of the risk bulletins, and GT is working with the County's Offices of Law and Finance to provide support for the CRF eligibility rationale. -
  - Fire Companies and Municipalities – Over 92% of Phase 1 municipal and fire company reimbursements have been completed and GT is continuing to complete the closeout process.

There are 34 RFI's still outstanding and GT continues to touch base with those subrecipients to get more information. GT has divided the closeout process into two phases – Phase 1 is for projects that received funding in 2020 and 2021, while Phase 2 is for projects that received funding in 2022. This will enable GT to keep the two funding streams separate. Over 93% of Phase 2 fire company reimbursements have been completed with 9 Requests For Information (RFIs) having been sent.

Mr. Hinkel provided a quick update on the remaining CRF workstreams. He said that GT is finalizing its review and report on the County's use of paid administrative leave and the Donors Choose programs. For the State transfers, GT has finished the desk reviews for the programs. GT is now reconciling the County's disbursements to the State agencies' financial reports on the use of the funding. This will show how much the County gave to the State for each program and how much the how much the State used for each program. GT also met with DETV to get clarification on some invoicing and programmatic reporting. Mr. Hinkel ended his update by saying that he was looking forward to working closely with Apothic Revenue on the transition. He said that GT would be careful to not duplicate Apothic's work and not reach out unnecessarily to subrecipients.

Co-Chair Smith added that GT's risk bulletins on internal transactions were an attempt to memorialize information and did not necessarily reflect ineligibility. The risk bulletins were requests for providing sufficient documentation or to provide the County's interpretation of the CRF guidance while administering the CRF funds. To provide some perspective, Co-Chair Smith also noted that the risk bulletins amounted to just under \$1 million and included some double counting which was being resolved. He said that the \$409,000 of Hope Center contractual services in the risk bulletins were relatively small amounts when compared with the total \$24 million of contractual services. Mr. Hinkel added that risk bulletins are a sign of a robust internal controls program.

Dr. Brockenbrough noted that one of the GT slides had a leadership review and a manager review. He asked what the purpose was of having those reviews, whether the reviews were tied to risk. Mr. Hinkel replied that these reviews are a part of GT's internal quality assurance process for their testers and grant managers to make sure that the results reported were clear and compliant.

Dr. Brockenbrough also asked about the documentation received and approval process in cases where the grant proposals undergo changes. Co-Chair Smith began by noting that the County has been taking monitoring seriously. Even though some of the grant recipients are beneficiaries and not subrecipients, they are still monitored. In case of changes to proposals, the grantee would have to notify the County of such changes in writing. While giving its approval, the County would scrutinize the changes to make sure that the recipient continues to meet the County's pandemic

related objectives and would then monitor the recipient. Beneficiaries are subject to lesser monitoring. Dr. Brockenbrough then inquired whether the County had any sub-subrecipients. Mr. Hinkel replied that they have not come across any in the case of municipalities and fire companies. There were some instances with State transfers, where GT is looking at the internal controls, procurement processes and justification and disbursement processes for those State agencies.

Mr. Johnson provided an update on ARPA. He began by noting the ARPA program requirements are more stringent than CRF and are more deliberate with the spending requirements. Then Mr. Johnson went through in detail the review process undertaken by GT for ARPA project requests. When a request comes into the ARPA portal, GT creates an eligibility determination and evaluation memo that they execute to the County. The memo looks at the U.S. Treasury Final Rule for eligibility of the project and aligns it with a spending category along with identifying the reporting requirements for that particular spending category. GT then evaluates whether the organization is a beneficiary, subrecipient or contractor to follow the Uniform Guidance (2 CFR200). The type of relationship determines the agreement type, kind of monitoring, etc. that the County needs to perform. If it's determined that the recipient is a subrecipient, GT goes through a subrecipient questionnaire that helps GT gather information like organizational structure and types of policies and procedures of the organization. This along with the ARPA Pre-Award Risk Assessment Form helps GT determine the level of risk the organization poses. Identifying risk level determines the level of scrutiny and monitoring that the County needs to perform on the organization. Mr. Johnson pointed out that while CRF programs were mostly reimbursements, ARPA programs are funding programs and organizations have to meet certain criteria to get their funding.

Councilwoman Kilpatrick asked whether the first quarter was the first review that GT would have with the subrecipients. Mr. Johnson replied that each entity's monitoring was unique and would depend on their risk level. He said that for high risk organizations, GT would probably be meeting with them every two weeks.

Mr. Johnson then provided a quick update on the current status of ARPA projects. 25 projects have been brought to GT of which 18 have been determined to be eligible. 5 projects are currently under GT evaluation, which in the case of contractors means that GT is ensuring that the County's procurement policies were followed. Mr. Johnson showed that each of the projects are individually tracked by amount, GT next steps and NCC next steps.

- Co-Chair Wasserbach discussed the FY2021 Single Audit. He said that work on the Single Audit had begun. He explained that the external auditors, CliftonLarsonAllen (CLA,) were looking at 4 buckets

of expenditures – internal non-payroll expenditures (picked a sample of 60 expenditures for testing), payroll related internal expenditures (CLA has picked a sample of 60 in this category), funds provided to the State of Delaware (CLA is still deciding how to test this category) and funds provided to entities being monitored by GT and Apothic (CLA will probably test 20-30% of expenditures in this category). Before beginning testing in the fourth category, CLA is waiting for the County to provide its determination of which entities were subrecipients and which were considered beneficiaries. Mr. Hinkel said that though the Uniform Guidance does not define the term “beneficiary”, the Treasury has allowed grants to be made to beneficiaries under CRF and ARPA. He said that the determination of whether an entity is a beneficiary or subrecipient depends on the County’s rationale for handing out funds to the entity. Co-Chair Wasserbach also noted that CLA will be looking at the County’s reporting to the Treasury.

Councilman Smiley thanked the committee for their work. He said that the County seemed to be on track with providing oversight and performing due diligence and monitoring. Co-Chair Wasserbach thanked Councilman Smiley for his comments and noted that Councilman Smiley is the Co-Chair of the County Council Finance Committee.

Dr. Brockenbrough asked whether the County was monitoring how much of the CARES and ARPA money was going to women and minorities. Ms. Almond responded that since we are still in the early stages for ARPA, the County is in a place to start tracking funds given to minorities. Co-Chair Smith added that though CARES required a rapid response, for certain cost shares with the State there was some tracking of end users.

Ms. Waters also noted that the type of subrecipient monitoring discussed by GT is currently undertaken by the County for its Community Development Block Grant (CDBG) programs. She also offered help with the Hope Center transportation project. Co-Chair Smith thanked her for offering to help.

- It was decided that the next meeting would be held on Wednesday, May 18<sup>th</sup> 2022 at 11 a.m.
- Co-Chair Smith made a motion to adjourn the meeting. Councilwoman Kilpatrick seconded the motion. The motion was approved unanimously.

The meeting ended at 12:15 p.m.