



CARES Act / ARPA Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Wednesday, June 28th, 2023
11:00 a.m. Virtual Zoom Webinar

Attendance:

Committee Members Present: 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: Co-Chair Bob Wasserbach (County Auditor), NCC Housing Management Analyst Nicole Waters and Past NCC Audit Committee Chair Martin Taylor.

Others in Attendance: County Councilman Brandon Toole, County Councilwoman Valerie George, NCC Chief of Staff Aundrea Almond, Ben Morris-Levenson (NCC ARPA Coordinator), Assistant County Attorney Nicholas Brannick, Randy Vesprey, Dustin Hinkel (Guidehouse), Brad Johnson (Guidehouse) and other NCC staff members/members of public.

Proceedings:

- Co-Chair Michael Smith started the meeting at 11:02 a.m.
- Councilwoman Kilpatrick made a motion to approve minutes from the previous committee meeting held on May 31st, 2023. Dr. Brockenbrough seconded the motion. The minutes passed unanimously.
- Mr. Hinkel presented a slide show on Guidehouse's update on the State and Local Fiscal Recovery Funds (SLFRF), FEMA public assistance and Coronavirus Relief Fund (CRF) programs:
 - SLFRF payment oversight: Mr. Hinkel said that Guidehouse is preparing for the two major reporting requirements in July – the Annual Recovery Plan Performance report and the Calendar Year 2023 Q2 Project and Expenditure report. Guidehouse is preparing the draft framework for the Recovery Plan and updating all the project inventory. Subrecipients and project managers are also being asked for their performance data required for the Treasury reports. Mr. Hinkel also said that the Treasury has recently re-emphasized the Unique Entity Identifier (UEI) reporting requirements.

Guidehouse is continuing with its eligibility determinations of the Council grants program.

The obligations made in this quarter were about \$2.9 million, lower than those in the previous quarter (about \$5.1 million). Expenditures were at \$2.3 million, compared to \$1.3 million in the previous quarter. Mr. Hinkel also shared that he would be taking personal time for the next couple months and his colleague Mr. Johnson would be taking his place during that time.

About \$33.9 million has been committed for individual projects of which \$15.8 million has been expended, \$10 million has been obligated and \$8.1 million has been allocated but remains to be obligated. In terms of number of projects, 64 projects have adopted budgets which is 24 more projects than the previous period. Of these 64 projects, 19 are public health projects, 17 are negative economic impact projects, 5 are public sector capacity projects, 1 is the premium pay project, 2 are infrastructure projects, 9 are general government services projects and 11 are administrative and other projects. Mr. Hinkel shared a slide giving the financial breakdown by the 7 eligible SLFRF categories.

Mr. Hinkel shared the SLFRF project compliance monitoring lifecycle which begins with the project scoping where project eligibility is determined, followed by project initiation where risk assessment takes place and a monitoring plan for the project is developed based on its risk level. Depending on risk level, the project then progresses through compliance reviews at different levels of project execution (% spent). Currently, there are 13 projects in the project scoping phase and 4 in the project initiation phase. While 69 projects are in the 0-49% spent execution phase, 4 are in the 50-74% spent phase, 3 in the 75-89% spent phase and 14 in the 90-99% spent phase.

The next slide gave a more detailed view of the compliance monitoring status of the projects. In the project execution phase, there are 22 projects in compliance review of which 18 are either County administered or beneficiary projects and 4 are subrecipient administered projects. The current monitoring results showed that there are 3 subrecipient projects where concerns have been resolved, 4 subrecipient projects where concerns have been raised and 1 subrecipient where a finding has been issued. So far, Guidehouse has issued 10 eligibility determination concerns and 3 eligibility determination findings and the total number of projects with eligibility related findings/concerns are 5. Desk reviews have yielded 3 concerns of which 2 concerns have been resolved. Dr. Brockenbrough asked about the likelihood of the County having to liquidate projects. Mr. Hinkel replied that it would depend on the scope and period of a project. He added that the County would have an additional 2 years after 2024 to liquidate obligations. Dr. Brockenbrough also inquired about UEIs and their allocation. Mr. Hinkel explained that the Office of Management and Budget assigns the UEIs through sam.gov. The federal government is moving away from DUNS numbers to UEIs.

- Since Guidehouse has been focusing on the SLFRF programs, Mr. Hinkel said that there wasn't any movement to report on in the FEMA assistance grants and the CRF payments oversight. Guidehouse is currently monitoring for any updates from the Treasury on these programs. Everything has been obligated and paid for these programs.
- Co-Chair Smith provided the committee an update on the FY2023 Single Audit. He informed the committee that the external auditors have selected the SLFRF program for testing. The auditors' requests for documentation are coming in and are due in the coming weeks.
- It was decided to have the next committee meeting on Wednesday, July 26th, 2023, at 11:00 a.m.
- Mr. Haskins made a motion to adjourn and Councilwoman Kilpatrick seconded it. The motion carried unanimously and the meeting ended at 11:19 a.m.