



CARES Act Task Force Audit & Compliance Committee Orientation Meeting
Meeting Minutes – Wednesday, September 2, 2020
10:00 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 Sharita Perkins and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Committee Members Absent: NCC Audit Committee Chair Martin Taylor.

Others in Attendance: NCC Chief of Staff Aundrea Almond, County Attorney Wilson Davis, Nicole Waters (Community Services), Assistant County Attorney Nicholas Brannick, E. David Barth (Grant Thornton), Jeff Stefan (Grant Thornton), and 3 other NCC staff members.

Proceedings:

- Meeting was called to order at 10:03 a.m. by committee Co-Chair Bob Wasserbach.
- NCC Audit Committee member Sharita Perkins made a motion to approve the minutes from the last meeting which was seconded by committee member Tarik Haskins. The minutes were approved unanimously.
- David Barth from Grant Thornton gave a brief overview of subrecipient monitoring for Federal grants. He talked about the use of the GrantSolutions portal for reporting on CRF funds to the Federal government. He noted that subrecipients receiving grants of \$50,000 or higher amounts should be reported individually, while other subrecipients would be aggregated for reporting purposes. The level of risk assessed by the Treasury OIG determines the level of monitoring by them. He also mentioned that the AICPA had recently issued preliminary guidance on auditing requirements and that this guidance would probably be in the Compliance Supplement to be released in September 2020. Also, the grants are not tax exempt and should be reported as taxable income by the subrecipients. Co-Chair Smith inquired whether the County was required to issue 1099s to subrecipients. David Barth replied that the guidance did not say so, and the County should continue to follow its current process for making payments to its vendors, etc.
- Councilwoman Kilpatrick said that risk assessment of subrecipients was key and needed to be looked at closely. Nicole Waters added that she was surprised that CRF guidelines did not require subrecipients to register on the official federal government System for Award Management (SAM). As a part of her review of grant applications for eligibility, she makes sure subrecipients are not on

the debarred list on SAM. Nicholas Brannick said that going forward, subrecipients should be required to register on SAM. Councilwoman Kilpatrick wondered who from the County would be involved with the risk assessment. Co-Chair Wasserbach added that currently risk assessment questions are a part of the application form, but in a call with Finance and Law the previous day he was told that they were not yet sure who would be doing risk assessment. He also noted that the \$50,000 threshold was only for reporting purposes; subrecipients receiving amounts lesser than \$50,000 would also need to be monitored. David Barth agreed with Co-Chair Wasserbach's observation.

- Co-Chair Wasserbach led a discussion on a few items in 2 CFR 200.331 that were not clear concerning federal awards, such as (1) How does the Federal Award Identification Number differ from the CFDA Number?, (2) How does 2 CFR 200.331 (a) (1) (viii) differ from 2 CFR 200.331 (a) (1) (vi)?, (3) In 2 CFR 200.331 (a) (1) (xi), what does the "dollar amount made available under each Federal award" mean?, and (4) In 2 CFR 200.331 (a) (1) (xii), do we need to identify "yes" or "no" whether the award is for R & D? David Barth said that he would get back to the committee on these items. There was also a discussion on indirect cost rates. Nicole Waters clarified that indirect cost rates were probably not applicable to the subrecipients of CARES Act CRF funds and David Barth agreed.
- Co-Chair Wasserbach brought up the need for a contract between the County and the awardee. David Barth added that such a contract outlines responsibilities and conditions imposed for the various parties. He recommended having such a contract as it helps with internal controls. When asked whether the County would be getting into such contracts with subrecipients, Co-Chair Smith replied yes, if it was something required by this committee. Also, when Co-Chair Wasserbach inquired about the threshold amount for subrecipient monitoring risk assessment level, Nicholas Brannick suggested that \$50,000 seemed to be an appropriate threshold as indicated by the federal reporting requirements.
- A draft Subrecipient Monitoring Policy was distributed to committee members prior to the meeting. Co-Chair Wasserbach said that the Subrecipient Risk Analysis document is a key part of the Subrecipient Monitoring Policy and that this needs to be closely analyzed before the next meeting. As the Subrecipient Risk Analysis document identifies as High Risk any new subrecipients to the County, and it's likely that most CRF subrecipients would be new to the County, we should examine this more closely as we probably don't want all subrecipients to be identified as High Risk. Tarik Haskins requested that the revised Subrecipient Monitoring Policy be shared more than 24 hours before the next meeting. David Barth suggested that the County might want to develop risk levels by weighting various factors, including experience with federal grants. Nicholas Brannick added that if an entity already had a DUNS number, a score could be assigned to them based on their history. Councilwoman Kilpatrick said that maybe more questions could be added to the application form that align with the federal requirements.
- Co-Chair Wasserbach asked Aundrea Almond whether someone from the Administration would be looking to see if some organizations have applied for multiple grant programs. Ms. Almond replied yes that would be looked at, but they did not expect much overlap. Councilwoman Kilpatrick

suggested having it as a question on the application and to remember that entities may be getting multiple grants for completely unrelated causes. Nicole Waters added that HUD has been talking a lot about duplication of funding. HUD doesn't want entities to get funded twice for the same thing. Co-Chair Wasserbach then asked Aundrea Almond what the process was for adding additional questions to the application. Aundrea Almond replied that one would need to contact Mike Hojnicky, the Chief of Technology and Administrative Services, who would then let the external developer know. Nicole Waters added that requesting additional information from applicants was also an option.

- Co-Chair Wasserbach asked whether money given to the Delaware Community Foundation (DCF) in FY2020, and then given to individual grantees by DCF, needed monitoring. David Barth said yes, such awards were subject to subrecipient monitoring under the CRF program. Co-Chair Wasserbach noted that these funds had been disbursed without the any agreement between the County and DCF on who would be doing subrecipient monitoring. County Attorney Wilson Davis explained that these funds had been granted before the federal government provided CRF funds, and later the County reimbursed itself from the CRF monies. Councilwoman Kilpatrick asked who was responsible for auditing DCF's subrecipients. David Barth replied that if the subrecipient did not have a Single Audit, the County would be responsible for second-tier subrecipient monitoring. Co-Chair Wasserbach added that this was an immediate concern since the FY2020 Single Audit was about to begin.

Public Comment:

- There were no comments from the public.

Adjournment:

- Councilwoman Kilpatrick made a motion to adjourn the meeting, which was seconded by committee member Sharita Perkins. The motion passed unanimously (Co-Chair Smith and committee member Tarik Haskins had left the meeting earlier) and the meeting ended at 11:19 a.m.