



CARES Act Task Force Audit & Compliance Committee Meeting
Meeting Minutes – Thursday, November 5, 2020
2:00 p.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 and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

Committee Members Absent: NCC Audit Committee Chair Martin Taylor and NCC Audit Committee Member Sharita Perkins.

Others in Attendance: NCC Chief of Staff Aundrea Almond, Assistant County Attorney Nicholas Brannick, E. David Barth (Grant Thornton), Joe Simon (Grant Thornton), John Eldridge and 8 other NCC staff members.

Proceedings:

- Meeting was called to order at 2:06 p.m. by committee Co-Chair Bob Wasserbach.
- Councilwoman Janet Kilpatrick made a motion to approve the minutes from the last meeting, which was seconded by Co-Chair Michael Smith. The minutes were approved unanimously.
- Co-Chair Wasserbach invited one of his team members, Lynne McIntosh, to cover the electronically fillable risk analysis forms for the grant programs. Lynne McIntosh explained the layout and the different entries to be made on the forms. Joe Simon asked if the forms were to be filled by an honor system or would there be any checks on them. Co-Chair Wasserbach responded that these risk analysis forms were not being completed by the subrecipients but by someone in the Office of Finance. Joe Simon inquired whether the Audit Clearing House would be checked during the process. Co-Chair Michael Smith replied that any help Grant Thornton is able to provide with testing subrecipient responses would be appreciated. Councilwoman Kilpatrick wondered if adding a question on who conducted the audit would make the subrecipients believe that their audit results may be verified and thus disincentivize any dishonest reporting. Joe Simon agreed with the idea.
- Co-Chair Wasserbach informed the committee that his office had provided Apothic Revenue (the firm engaged to do subrecipient monitoring) a standardized Excel workbook to be completed by grant subrecipients. This was then forwarded by Apothic Revenue to all the grant subrecipients (but not municipalities and volunteer fire cos., which Apothic will not be monitoring), who were asked to use

the provided workbook or something similar. Councilwoman Kilpatrick inquired why not require all grant subrecipients to only use the provided workbook. Co-Chair Wasserbach replied that the grant subrecipients were being given the option to use their own workbook only if it is substantially similar to the one provided. Co-Chair Smith added that he had seen substantially similar workbooks being used, especially by the bigger organizations. He also noted that many of the grant subrecipients had responded positively to the workbook provided.

- Co-Chair Wasserbach brought up the Winter Ready Restaurant Grant program. He informed the committee that the funding for the grant program is being extended by an additional \$200,000. Aundrea Almond confirmed that the individual grant amounts would still be \$5,000. Since the Winter Ready Restaurant grants are smaller grants and are relatively straight-forward, Co-Chair Wasserbach wondered if there was a need for Risk Analysis for this grant program, especially since all grant subrecipients would be undergoing a desk review. Joe Simon suggested that the County could ask the grant subrecipients to send photographs of their equipment installed with the grant money. Councilwoman Kilpatrick and Tarik Haskins thought that the benefits of additional monitoring did not seem to outweigh the risks of this grant program. Dave Barth thought that invoices and proof of payment would likely be sufficient to mitigate any risks of the program.
- Co-Chair Smith gave an update on the status of the federal award letters (subgrant agreements) to be given to grant subrecipients. He said that the award letters were used for the first time that week for the Winter Ready Restaurant grant program. The plan is to then go back and issue award letters to all the subrecipients of the other grant programs, including municipalities, fire companies and State of Delaware. Co-Chair Smith noted that prior to the award letters, the County had still been requiring the CRF recipients to complete the certification process. Co-Chair Wasserbach suggested that it might be helpful to share the final award letter template with the committee members. Co-Chair Smith agreed and expressed appreciation for the efforts of Eileen Michelinie in his office, who has been managing the award letters.

Co-Chair Smith gave a brief overview of the subrecipient monitoring work to be done by Apothic Revenue. The Managing Director of Apothic Revenue, John Eldridge, also gave a brief update. Mr. Eldridge said that the grant subrecipients had been contacted by his firm the week before and that the CRF expenditures workbook had been shared with them. Apothic Revenue has received many emails and phone calls from the grant subrecipients in the past few days, and the grant subrecipients have been appreciative of the workbook. John Eldridge also said that having award letters for all grant programs would be helpful.

- Co-Chair Wasserbach brought up the issue of monitoring the funds given to the various State programs. Co-Chair Smith said that he was relying on Grant Thornton's expertise for this. The County

has entered (or will be entering) into several Memoranda of Understanding (MOUs) with the State. Co-Chair Smith said that he has primarily been dealing with the State's Office of Management and Budget, but different State agencies are administering the different programs and Grant Thornton might be following up with them. Co-Chair Smith said that one of the biggest challenges is going to be to prove how expenditures in programs that existed prior to COVID-19 are COVID-related. Dave Barth added that the establishment of MOUs with the State was a first critical step in monitoring NCC's CRF funds given to the State. He said that there were two key aspects of the Treasury's guidance on the use of CRF funds: (i) the County is responsible for reporting to Treasury on all fund transfers it makes, and (ii) all of the CRF funds received by the County (including transfers it made to State-run programs) are subject to the Single Audit by the County's external auditors. Further, any funds deemed to not meet the Treasury guidelines would be recouped directly from the County, not its subrecipients.

Co-Chair Smith said that the MOUs have been structured to address the liability being taken on by the State in accepting NCC's CRF funds. The NCC Office of Finance has asked for detailed information on recipients. For example, for the housing program, information is being requested to ascertain whether the recipient is from NCC. Grant Thornton will track that the CRF funds given to the State are actually being used for COVID-related claims. For example, the unemployment system has some built-in indicators that might help determine whether the funds were used for COVID-related claims. Dave Barth added that it will be really important to look at the incremental expenditures made. Co-Chair Wasserbach inquired whether there would be an MOU for each of the Statewide programs and Co-Chair Smith replied yes, that was the case. The first one was with the State's Department of Labor reflecting a transfer of \$1.1 million.

- Co-Chair Wasserbach asked if there were any other comments or questions from the committee members or the public. There were none.
- Co-Chair Wasserbach asked the members if they were available to meet in a couple weeks. It was decided that the next meeting would be held on November 19, 2020 at 1 p.m. Councilwoman Kilpatrick made a motion to adjourn the meeting, which was seconded by Tarik Haskins. The meeting was adjourned at 2:51 p.m.