



**CARES Act Task Force Audit & Compliance Committee Meeting**  
**Meeting Minutes – Wednesday, July 21, 2021**  
**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), NCC Audit Committee member Dr. Karl Brockenbrough, NCC Housing Management Analyst Nicole Waters and Tarik Haskins (Morris, Nichols, Arsht & Tunnell, LLP).

**Committee Members Absent:** County Councilwoman Janet Kilpatrick and NCC Audit Committee Chair Martin Taylor.

**Others in Attendance:** County Council Chair Karen Hartley-Nagle, County Councilwoman Dee Durham, NCC Chief of Staff Aundrea Almond, Assistant County Attorney Nicholas Brannick, Dustin Hinkel (Grant Thornton), Dave Barth (Grant Thornton), John Eldridge (Apothic Revenue), Debbie Ament (Apothic Revenue), Heather Palmer and 3 other NCC staff members/members of public.

**Proceedings:**

- Co-Chair Bob Wasserbach started the meeting at 11:02 a.m. by briefly introducing new committee member Nicole Waters. Nicole Waters then gave a quick overview of her background and experience.
- Co-Chair Wasserbach noted that the circulated minutes had been changed slightly. Tarik Haskins made a motion to approve the minutes with the changes. The motion was seconded by Dr. Karl Brockenbrough. The minutes were approved unanimously.
- Co-Chair Wasserbach invited John Eldridge and Debbie Ament from Apothic Revenue to provide the committee with an update on their subrecipient monitoring of the grant programs. Mr. Eldridge told the committee that it has been challenging to obtain documentation and numbers have not changed much from the last month.
  - Innovation grants: 46% are closed or in review to be closed, 53% are on extension.
  - Health Equity grants: 76% are closed or in review to be closed, 10% are on extension. The number of HE grants on extension decreased from last month.
  - Food grants: 98% are closed or in review to be closed.
  - Winter Ready Restaurant grants: This saw a significant increase in processing -- 83% are closed or in review to be closed, 6% are on extension.

- Distance Learning grants: This also saw a dramatic increase in processing – about 62% are closed or in review to be closed, 9% are on extension.

Co-Chair Wasserbach asked if there was a cut-off date by which organizations had to get their documentation in. Mr. Eldridge responded that as long as organizations were being responsive, they could take as much time as needed. But for organizations that were not responding, Apothic would need to discuss next steps with the CFO Michael Smith and County Auditor Bob Wasserbach. Dr. Karl Brockenbrough inquired whether Apothic had visited any of the restaurants for the Winter Ready Restaurant grants. Mr. Eldridge responded that he had visited a restaurant and it had helped with getting a response from the restaurant. Debbie Ament added that generally restaurants were good about providing pictures of the equipment purchased with the grants.

- Dustin Hinkel from Grant Thornton (GT) stepped in for Joe Simon to provide the committee with a brief update on subrecipient monitoring and other compliance related activities performed by GT.
  - Fire Companies and Municipalities – GT has completed reviews of more than 76% of municipal and fire company requests and is now transitioning to reconciling questioned costs and closing out the grants. Mr. Hinkel said that GT was trying to ensure that all supporting documents required by the Treasury OIG were being put together in a package for each applicant.
  - State Transfers – GT has completed its first workpaper, a survey for the individual State agencies. Next, they will be working on setting up interviews, etc.
  - Donors Choose – GT is putting together a final report for the County on the Donors Choose program.
  - Administrative Leave – GT is working on the data and may have follow-up questions for the County.
  - Internal Transactions – GT is beginning to analyze the internal transactions. As Dustin Hinkel briefly lost his connection, Co-Chair Wasserbach explained that internal transactions include Hope Center expenditures. Mr. Hinkel continued that GT has finalized the population for testing and is going to request additional information from the County.

Dr. Brockenbrough asked if there was any update on FEMA and the testing of wastewater as well as the one outstanding proof of payment from Delaware State University (DSU). Mr. Hinkel said that GT did receive the proof of payment from DSU. He would request the GT project lead on FEMA to provide the group with a more thorough update. Initial submissions have been made to FEMA and GT is assisting the County with responding to any questions from FEMA.

- Co-Chair Wasserbach provided the committee with an update on the American Rescue Plan Act (ARPA) Taskforce committees – Intergovernmental Collaboration, Economic and Community Development, Workforce Development and Early Childhood Learning. He said that the committees were tasked with coming up with ideas for use of ARPA funds by August 31st and, if a committee

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came up with a grant program, it was responsible for providing criteria and a recommended budget for the program.

So far, only the Workforce Development committee has discussed 2 grant programs of \$15 million each – one for small businesses and one for non-profits. The committee is looking to have an outside entity such as Delaware Community Foundation (DCF) run the grant programs. If the committee does submit this idea and it's accepted, then the County would be responsible for ensuring that this outside entity is doing appropriate subrecipient monitoring of the entities the grant money is given to (or the County needs to do the monitoring itself).

The Early Childhood Learning and Economic and Community Development committees are meeting this week and are likely to present their recommendations to the County Executive by August 19<sup>th</sup>.

Also, tonight there is a County Council workshop seeking input from the public on ARPA funds usage. Independent of these committees that have been established, there is the possibility that the County may be spending some ARPA funds on sewer infrastructure and broadband. The County could also be collaborating with the State of Delaware and providing some funds to the State. Claire DeMatteis has been identified as the person who will be overseeing ARPA programs at the State.

Tarik Haskins asked for a timeline for when the ARPA funds would flow out after recommendations had been received from the committees. Co-Chair Smith explained that after the County Executive (as head of the County government) certifies and accepts the ARPA funds from the US Treasury, County Council would need to accept and approve the spending of the ARPA funds as per a budget. He thought that such an ordinance would probably be presented to County Council in September-October.

Mr. Haskins asked if the recipients had to spend the funds by a certain time. Co-Chair Wasserbach replied that the County had until December 31, 2024 to incur costs under ARPA and until December 31, 2026 to actually spend the funds. He said he did not know whether there would be an internal deadline the County would set to spend the money by. Aundrea Almond added that the administration has not gone into that level of detail yet. Unlike the CARES funds, there is a longer "runway" to spend ARPA funds. Co-Chair Wasserbach noted that it is also possible that when the ordinance is presented to Council in September-October, there could be a contingency line item for unknown expenses that may become necessary. Co-Chair Smith agreed and also pointed out that only \$54.2 million would be received this year. The budget would need to be amended again next year when the next tranche is received by the County. Also, items like revenue loss have to be estimated and there may be programs the County may need to be involved with in future years to combat COVID-19. Ms. Almond added that one important way in which ARPA differs from CARES is

its emphasis on data-driven decisions as well as reporting on the impact of expended funds. These data requirements will be an additional factor that will come into play when deciding which programs will get funded.

Dr. Brockenbrough inquired whether the documents signed by the recipients will include dates of any required information to be reported. Co-Chair Smith responded yes, the subrecipient agreement includes details such as the County's audit rights, etc. Dr. Brockenbrough wondered whether such information had been included in the CARES Act programs because some of the restaurants had been confused about the deadline. Co-Chair Smith explained that, in that case, the initial date had been extended which had caused confusion. The agreements had been amended then to the County's internal deadline but there may have been some miscommunication by a vendor about the dates.

Nicole Waters asked whether providing Technical Assistance to subrecipients will occur with the ARPA funds. She explained the Technical Assistance process followed for HUD programs. Co-Chair Smith said that CARES programs were not subject to some requirements due to the urgency of the situation. But with ARPA, there is more time to provide entities with more support on the front-end. Co-Chair Wasserbach added that NCC Internal Audit had provided the Administration with a 'Lessons Learned' memo from the CARES Act, and the memo mentions providing Technical Assistance for ARPA programs.

- Co-Chair Wasserbach suggested continuing to meet once a month for now. The next meeting was set for Wednesday, August 25, 2021 at 11:00 a.m. The meeting ended at 11:42 a.m.