

UNIFORM GUIDANCE SINGLE AUDIT

FISCAL YEAR ENDED JUNE 30, 2024





SINGLE AUDIT

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

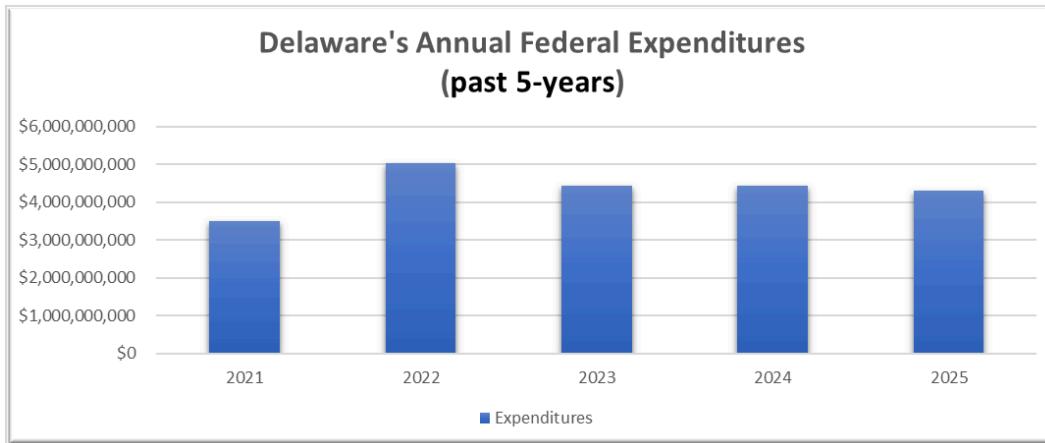
BACKGROUND

The Office of Auditor of Accounts, Delaware Department of Finance, and Division of Accounting present the Annual Uniform Guidance Single Audit Report for the State of Delaware for the fiscal year ended June 30, 2024.

The Single Audit Act establishes requirements for audits of states that expend over a threshold amount in Federal awards during a fiscal year. The State of Delaware is required by federal law to have an annual audit of the administration of the federal assistance programs. Governments that are subject to the Single Audit Act are required to prepare and have audited the Schedule of Expenditures of Federal Awards (SEFA). The SEFA reports amounts expended, not the amount received, during the fiscal year. Uniform Guidance requires that the independent auditor performing a Single Audit render an in-relation-to opinion on the SEFA as part of the independent auditor's report on the government's financial statements.

In fiscal year 2024, Delaware administered over \$4.2 billion in federal programs through various state agencies. 17 major federal programs across various state agencies were reviewed for the Uniform Guidance Single Audit.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This engagement was performed in accordance with 29 Del. C. §2906(a).





SINGLE AUDIT

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

KEY INFORMATION AND FINDINGS

CliftonLarsonAllen, LLP (CLA) issued its opinions on the State of Delaware Annual Uniform Guidance Single Audit Report as of and for the year ended June 30, 2024. CLA expressed one disclaimer opinion, eight qualified opinions, and eight unmodified opinions on the seventeen major federal programs. CLA issued a disclaimer opinion on Unemployment Insurance because CLA was unable to determine whether the State complied with the requirements applicable to Unemployment Insurance. CLA was unable to obtain audit evidence to support the State's compliance with eligibility, special tests, and reporting requirements applicable to Unemployment Insurance. CLA was not able to test and/or performed testing that resulted in mostly material weaknesses but also included significant deficiencies and compliance findings.

CLA issued a qualified opinion on the SEFA (the Schedule) expenditures for Unemployment Insurance because they were unable to determine whether further audit adjustments may have been necessary in respect to the Unemployment Fund expenditures. The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the expenditures of the Unemployment Fund. CLA issued an unmodified opinion on all other expenditures.

Findings include: 15 material weaknesses, 12 significant deficiencies, and 26 compliance related observations across 5 Programs. Of the 28 Findings in the FY24 report, 16 are identified as repeat Findings from 2023, and one finding (2024-001) has persisted for three consecutive years.

FINDING TYPES BY AGENCY:

	Material Weaknesses	Significant Deficiencies	Compliance
Domestic Violence Coordinating Council	0	1	1
Department of Labor	6	4	9
Department of Health and Social Services	7	5	12
Delaware Emergency Management Agency	0	2	2
Office of the Governor	2	0	2
Totals	15	12	26



SINGLE AUDIT

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2024

OPINION TYPES BY FEDERAL PROGRAM:

Major Federal Program/Cluster	Type of Opinion
Unemployment Insurance	Disclaimer
Coronavirus State and Local Fiscal Recovery Funds	Qualified
Coronavirus Capital Projects Fund	Qualified
Activities to Support State, Tribal, Local and Territorial (STLT) Health	Qualified
Department Response to Public Health and Healthcare Crises	Qualified
CCDF Cluster	Qualified
Children's Health Insurance Program	Qualified
Medicaid Cluster	Qualified
Opioid STR	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	Qualified
Pandemic EBT	Unmodified
SNAP Cluster	Unmodified
Capitalization Grants for Clean Water State Revolving Fund	Unmodified
Rehabilitation Services Vocational Rehabilitation Grants to States	Unmodified
National Guard Military Operations and Maintenance Projects	Unmodified
Child Support Services	Unmodified
Immunization Cooperative Agreements	Unmodified
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified

STATE OF DELAWARE
UNIFORM GUIDANCE
SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2024



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STATE OF DELAWARE
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INDEPENDENT AUDITORS' REPORT

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Report on the Audit of the Schedule of Expenditures of Federal Awards

Qualified and Unmodified Opinions

We have audited the accompanying schedule of expenditures of federal awards (the Schedule) of the State of Delaware for the year ended June 30, 2024, and the related notes to the Schedule.

Qualified Opinion on Unemployment Insurance, ALN 17.225, Expenditures

In our opinion, except for the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the Schedule referred to above present fairly, in all material respects, the expenditures of federal awards of the State of Delaware for the year ended June 30, 2024, in accordance with the cash basis of accounting described in Note 1.

Unmodified Opinions on All Other Expenditures

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of Delaware for the year ended June 30, 2024, in accordance with the cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the State of Delaware and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinion on Unemployment Insurance, ALN 17.225, Expenditures

The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the expenditures of the Unemployment Fund. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the expenditures were free from material misstatement. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the Unemployment Fund expenditures.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Other Matters – Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Delaware's internal control. Accordingly, no such opinion is expressed.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025 on our consideration of the State of Delaware's internal control over financial reporting of the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Delaware's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Delaware's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2025



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, the general fund, federal fund, local school district fund, capital projects fund, lottery fund, DelDOT fund, and the aggregate remaining fund information and we were engaged to audit the business-type activities and unemployment fund of the State of Delaware (the State), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated . Our report includes a reference to other auditors who audited the financial statements of certain agencies and component units of the State of Delaware, which represent the indicated percent of total assets and deferred outflows of resources and total revenues as described in our report on the State's financial statements and as presented in the following table. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for the Delaware Department of Transportation, Delaware State Lottery and Delaware State University as we have issued separate reports for the Delaware Department of Transportation, Delaware State Lottery and Delaware State University. The financial statements of the Delaware Sustainable Energy Utility and the Riverfront Development Corporation of Delaware were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Delaware Sustainable Energy Utility and the Riverfront Development Corporation of Delaware.

Opinion Unit	Entity	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows of Resources	Revenues
Governmental Activities	Sustainable Energy Utility, Inc.	1.0%	0.4%
Discretely Presented Component Units	Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State Foundation, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation	82.5%	72.7%
General Fund	Sustainable Energy Utility, Inc.	2.3%	0.6%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	99.0%	87.2%

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the finding identified in our audit and described in the accompanying schedule of findings and management response. The State's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 23, 2024



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of federal awards (the Schedule), and related notes of the State of Delaware (the State), for the year ended June 30, 2024 and have issued our report thereon dated March 25, 2025.

Our report on the Schedule included an emphasis of matter paragraph describing the basis of accounting described in Note 1 of the Schedule.

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Report on Compliance for Each Major Federal Program

Qualified, Unmodified, and Disclaimer of Opinions

We have audited the State of Delaware's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs as listed in the Summary of Opinions section below for the year ended June 30, 2024, except for Unemployment Insurance. We were also engaged to audit the State's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that should have a direct and material effect on the Unemployment Insurance. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Summary of Opinions

Major Federal Program/Cluster	Type of Opinion
Unemployment Insurance	Disclaimer
Coronavirus State and Local Fiscal Recovery Funds	Qualified
Coronavirus Capital Projects Fund	Qualified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Qualified
CCDF Cluster	Qualified
Childrens Health Insurance Program	Qualified
Medicaid Cluster	Qualified
Opioid STR	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	Qualified
Pandemic EBT	Unmodified
SNAP Cluster	Unmodified
Capitalization Grants for Clean Water State Revolving Funds	Unmodified
Rehabilitation Services Vocational Rehabilitation Grants to States	Unmodified
National Guard Military Operations and Maintenance (O&M) Projects	Unmodified
Child Support Services	Unmodified
Immunization Cooperative Agreements	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Unmodified

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Disclaimer of Opinion on Unemployment Insurance

We do not express an opinion on the State's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Unemployment Insurance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Unemployment Insurance section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Unemployment Insurance.

Qualified Opinions on the Eight Major Federal Programs Identified in the Preceding Table

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the identified major programs for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs Identified in the Preceding Table

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Disclaimer of Opinion on Unemployment Insurance

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the State's compliance with the eligibility, special tests, and reporting requirements applicable to the Unemployment Insurance as described in finding numbers 2024-004 through 2024-009. As a result of these matters, we were unable to determine whether the State complied with the requirements applicable to Unemployment Insurance.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Matters Giving Rise to Qualified Opinion on the Eight Major Federal Programs Identified in the Following Table

As described in the accompanying schedule of findings and questioned costs, the State did not comply with the requirements regarding:

Program	Assistance Listing	Noncompliance	Finding Number
Coronavirus State and Local Fiscal Recovery Funds	21.027	Reporting	2024-013
Coronavirus Capital Projects Fund	21.029	Reporting - FFATA	2024-015
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Allowable Costs/Cost Principles	2024-017
CCDF Cluster	93.575, 93.596	Period of Performance	2024-018
Children's Health Insurance Program Medicaid Cluster	93.767, 93.775, 93.777, 93.778	Special Tests and Provisions - Provider Eligibility	2024-021
Children's Health Insurance Program Medicaid Cluster	93.767, 93.775, 93.777, 93.778	Special Tests and Provisions - Managed Care Financial Audit	2024-022
Opioid STR	93.788	Allowable Costs/Cost Principles	2024-024
Opioid STR	93.788	Reporting - FFATA	2024-025
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Reporting - FFATA	2024-026

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Other Matters - Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State's federal programs.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Auditors' Responsibilities for the Audit of Compliance

Auditors' Responsibilities for the Audit of Compliance for Unemployment Insurance

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion on Unemployment Insurance section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditors' Responsibilities for the Audit of Compliance for All Other Major Programs

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-010, 2024-011, 2024-014, 2024-016, 2024-019, 2024-020, 2024-023, 2024-027, and 2023-028. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-005, 2024-006, 2024-007, 2024-008, 2024-009, 2024-013, 2024-015, 2024-017, 2024-018, 2024-021, 2024-022, 2024-024, 2024-025, and 2023-026 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-010, 2024-011, 2024-012, 2024-014, 2024-016, 2024-019, 2024-020, 2024-023, 2024-027, and 2023-028 to be significant deficiencies.

Our audit of the major programs referenced in the Basis for Qualified and Unmodified Opinions section of our report was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2025

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Delaware Criminal Case Scheduling Initiative	10.000	\$ 18,336	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	1,016,928	-
Market Protection and Promotion	10.163	2,302	-
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170	\$ 16,871	16,871
Specialty Crop Block Grant Program - Farm Bill	10.170	<u>325,991</u>	<u>207,172</u>
Total Specialty Crop Block Grant Program - Farm Bill		342,862	224,043
COVID-19 - Pandemic Relief Activities: Farm and Food Worker Relief Grant Program	10.181	51,902	33,062
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	810,000	755,000
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187	320,491	188,491
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	181,385	-
COVID-19 - Pandemic EBT	10.542	15,148,548	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	1,713	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	2,796,008	-
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program	10.551	251,034,107	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	535,429	-
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	23,727,823	-
Total State Administrative Matching Grants for the Supplemental Nutritional Assistance Program		<u>24,263,252</u>	-
Total SNAP Cluster		<u>275,297,359</u>	-
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	15,635,226	236,239
National School Lunch Program	10.555	44,375,708	610,852
COVID-19 - Summer Food Service Program for Children	10.559	2,567,385	1,302,495
Fresh Fruit and Vegetable Program	10.582	<u>2,240,099</u>	<u>38,228</u>
Total Child Nutrition Cluster		<u>64,818,418</u>	<u>2,187,814</u>
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	9,951,565	-
Child and Adult Care Food Program	10.558	19,307,158	17,549,996
State Administrative Expenses for Child Nutrition	10.560	1,399,305	-
<i>Food Distribution Cluster</i>			
Commodity Supplemental Food Program	10.565	155,608	117,357
Emergency Food Assistance Program (Administrative Costs)	10.568	308,463	132,113
Emergency Food Assistance Program (Food Commodities)	10.569	<u>2,548,782</u>	-
Total Food Distribution Cluster		<u>3,012,853</u>	<u>249,470</u>
COVID-19 - WIC Farmer's Market Nutrition Program (FMCP)	10.572	235,181	-
WIC Farmers' Market Nutrition Program (FMCP)	10.572	<u>38,168</u>	-
Total WIC Farmers' Market Nutrition Program (FMCP)	10.572	273,349	-
Senior Farmers' Market Nutrition Program	10.576	50,000	45,000
COVID-19 Senior Farmers' Market Nutrition Program	10.576	<u>18,056</u>	<u>7,500</u>
Total Senior Farmer's Market Nutrition Program	10.576	68,056	
Child Nutrition Discretionary Grants Limited Availability	10.579	229,035	-
Food for Education	10.608	6,974,351	-
Cooperative Forestry Assistance	10.664	218,454	-
Urban and Community Forestry Program	10.675	217,189	-
Forest Stewardship Program	10.678	271,336	35,012
Forest Health Protection	10.680	84,621	-
Total U.S. Department of Agriculture		<u>402,813,524</u>	<u>21,275,388</u>
U.S. Department of Commerce			
State Digital Equity Planning and Capacity Grant	11.032	435,135	-
Broadband Equity, Access, and Deployment Program	11.035	1,305,312	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce (continued)			
<i>Economic Development Cluster</i>			
COVID-19 - Economic Adjustment Assistance	11.307	\$ 695,688	\$ -
Economic Adjustment Assistance	11.307	<u>2,622,151</u>	<u>-</u>
Total Economic Development Cluster		<u>\$ 3,317,839</u>	<u>-</u>
Interjurisdictional Fisheries Act of 1986	11.407	17,675	-
Sea Grant Support	11.417	11,609	-
Coastal Zone Management Administration Awards	11.419	1,753,883	235,332
Unaligned Science Program	11.472	327,205	-
Office for Coastal Management	11.473	115,583	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	203,013	-
Manufacturing Extension Partnership	11.611	799,080	-
Total U.S. Department of Commerce		<u>8,286,334</u>	<u>235,332</u>
U.S. Department of Defense			
Beach Erosion Control Projects	12.101	407,950	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	28,861	-
Military Construction - National Guard	12.400	5,109,749	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	20,247,038	-
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	655	-
Total U.S. Department of Defense		<u>25,794,253</u>	<u>-</u>
U.S. Department of Housing and Urban Development			
Fair Housing Assistance Program - State and Local	14.401	36,048	-
Total U.S. Department of Housing and Urban Development		<u>36,048</u>	<u>-</u>
U.S. Department of the Interior			
Program Not Yet Cataloged	15.000	23,204	-
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	5,250,542	-
Wildlife Restoration and Basic Hunter Education and Safety	15.611	4,979,195	-
Total Fish and Wildlife Cluster		<u>10,229,737</u>	<u>-</u>
Cooperative Endangered Species Conservation Fund	15.615	49,471	-
Landowner Incentive	15.633	63,429	-
State Wildlife Grants	15.634	1,061,011	-
Endangered Species Recovery Implementation	15.657	16,761	-
Adaptive Science	15.670	10,559	-
Historic Preservation Fund Grants-In-Aid	15.904	510,684	33,354
Outdoor Recreation - Acquisition, Development and Planning	15.916	20,000	-
Water Use and Data Research	15.981	20,577	-
Total U.S. Department of the Interior		<u>12,005,433</u>	<u>33,354</u>
U.S. Department of Justice			
Sexual Assault Services Formula Program	16.017	492,372	468,113
Juvenile Justice and Delinquency Prevention Program	16.540	261,003	114,635
Missing Children's Assistance	16.543	506,968	-
Delinquency Prevention Program	16.548	103,776	75,808
State Justice Statistics Program for Statistical Analysis Centers	16.550	24,224	-
National Criminal History Improvement Program (NCHIP)	16.554	138,853	-
Crime Victim Assistance	16.575	4,172,029	3,482,515
Crime Victim Compensation	16.576	333,152	-
Treatment Court Discretionary Grant Program	16.585	139,795	-
Violence Against Women Formula Grants	16.588	963,371	457,710
Residential Substance Abuse Treatment for State Prisoners	16.593	198,496	-
State Criminal Alien Assistance Program	16.606	1,728	-
Bulletproof Vest Partnership Program	16.607	48,504	-
Project Safe Neighborhoods	16.609	111,444	104,077
Public Safety Partnership and Community Policing Grants	16.710	602,524	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,040,035	359,851
DNA Backlog Reduction Program	16.741	522,564	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	151,220	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	92,699	87,605
Support for Adam Walsh Act Implementation Grant Program	16.750	101,171	-
Congressionally Recommended Awards	16.753	1,367,464	583,454
Second Chance Act Reentry Initiative	16.812	533,386	311,017
NICS Act Record Improvement Program	16.813	85,475	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	33,477	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients	
U.S. Department of Justice (continued)					
Postconviction Testing of DNA Evidence	16.820	\$ 131,800	\$ 93,807		
National Sexual Assault Kit Initiative	16.833	32,054			-
Domestic Trafficking Victim Program	16.834	7,714			-
Body Worn Camera Policy and Implementation	16.835	74,474			74,474
Indigent Defense	16.836	88,783			-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	1,976,244			755,576
Equitable Sharing Program	16.922	405,823			-
Total U.S. Department of Justice		<u>14,742,622</u>		<u>6,968,642</u>	
U.S. Department of Labor					
Labor Force Statistics	17.002	525,592			-
Compensation and Working Conditions	17.005	86,146			-
<i>Employment Services Cluster</i>					
Employment Service/Wagner-Peyser Funded Activities	17.207	2,730,578			-
Jobs for Veterans State Grants	17.801	374,240			-
Total Employment Services Cluster		<u>3,104,818</u>			-
COVID-19 - Unemployment Insurance	17.225	\$ 3,373,572			-
Unemployment Insurance	17.225	<u>45,978,405</u>			-
Total Unemployment Insurance			<u>49,351,977</u>		
Senior Community Service Employment Program	17.235	1,594,880			-
Trade Adjustment Assistance	17.245	35,198			-
<i>WIOA Cluster</i>					
WIOA Adult Program	17.258	1,543,466			-
WIOA Youth Activities	17.259	2,546,572			-
WIOA Dislocated Worker Formula Grants	17.278	1,604,674			-
Total WIOA Cluster		<u>5,694,712</u>			-
H-1B Job Training Grants	17.268	1,344,696			-
Work Opportunity Tax Credit Program (WOTC)	17.271	97,812			-
Temporary Labor Certification for Foreign Workers	17.273	64,931			-
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	171,786			-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	<u>1,374,427</u>			-
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			<u>1,546,213</u>		-
Apprenticeship USA Grants	17.285	1,243,058			-
Community Project Funding/Congressionally Directed Spending	17.289	603,166			-
Consultation Agreements	17.504	561,708			-
Total U.S. Department of Labor		<u>65,854,907</u>			-
U.S. Department of Transportation					
Airport Improvement Program	20.106	145,665			-
Highway Research and Development Program	20.200	2,864,816			-
Highway Planning and Construction	20.205	308,998,243			-
Highway Safety Demonstration Projects	20.207	66,138			-
Recreational Trails Program	20.219	332,239			-
Highway Training and Education	20.215	227,863			-
<i>FMCSA Cluster</i>					
Motor Carrier Safety Assistance	20.218	1,577,205			-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	907,152			953
Total FMCSA Cluster		<u>2,484,357</u>			953
Commercial Driver's License Program Implementation Grant	20.232	76,089			-
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240	26,676			-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	651,447			-
<i>Federal Transit Cluster</i>					
COVID-19 - Federal Transit Formula Grants	20.507	5,768,333			-
Federal Transit Formula Grants	20.507	<u>14,913,344</u>			-
Total Federal Transit Formula Grants			<u>20,681,677</u>		-
State of Good Repair Grants Program	20.525	62,715			-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	1,452,480			-
Total Federal Transit Cluster			<u>22,196,872</u>		-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (continued)			
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509	\$ 5,011,743	\$ -
Formula Grants for Rural Areas and Tribal Transit Program	20.509	<u>1,172,919</u>	- -
Total Formula Grants for Rural Areas and Tribal Transit Program		\$ 6,184,662	- -
<i>Transit Services Programs Cluster</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	<u>814,035</u>	- -
Total Transit Services Programs Cluster		<u>814,035</u>	- -
Public Transportation Innovation	20.530	70,100	- -
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	2,290,456	401,563
National Priority Safety Programs	20.616	<u>1,981,327</u>	<u>71,480</u>
Total Highway Safety Cluster		<u>4,271,783</u>	<u>473,043</u>
Alcohol Open Container Requirements	20.607	265,920	90,674
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	52,463	- -
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	138,048	16,504
PHMSA Pipeline Safety Program One Call Grant	20.721	7,496	- -
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program	20.941	<u>675,260</u>	- -
Total U.S. Department of Transportation		<u>350,550,172</u>	<u>581,174</u>
Department of the Treasury			
Equitable Sharing	21.016	20,441	- -
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	173,628,747	69,251,604
COVID-19 - Coronavirus Capital Projects Fund	21.029	36,640,555	36,568,255
State Small Business Credit Initiative Technical Assistance Grant Program	21.031	408,541	- -
Total Department of the Treasury		<u>210,698,284</u>	<u>105,819,859</u>
Equal Employment Opportunity Commission			
Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001	<u>445,284</u>	- -
Total Equal Employment Opportunity Commission		<u>445,284</u>	<u>-</u>
National Endowment for the Arts			
Promotion of the Arts Partnership Agreements	45.025	647,871	- -
Promotion of the Humanities Division of Preservation and Access	45.149	<u>9,256</u>	- -
Total National Endowment for the Arts		<u>657,127</u>	<u>-</u>
Institute of Museum and Library Services			
COVID-19 - Grants to States	45.310	556	- -
Grants to States	45.310	<u>1,041,213</u>	- -
Total Grants to States		<u>1,041,769</u>	<u>-</u>
Total Institute of Museum and Library Services		<u>1,698,896</u>	<u>-</u>
National Science Foundation			
STEM Education (formerly Education and Human Resources)	47.076	<u>121,497</u>	- -
Total National Science Foundation		<u>121,497</u>	<u>-</u>
Small Business Administration			
State Trade Expansion	59.061	34,786	- -
Total Small Business Administration		<u>34,786</u>	<u>-</u>
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001	1,406,873	- -
State Indoor Radon Grants	66.032	<u>154,327</u>	- -
COVID-19 - Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	13,041	- -
Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	347,237	- -
Total Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		<u>360,278</u>	- -
Diesel Emissions Reduction Act (DERA) State Grants	66.040	235,949	- -
Climate Pollution Reduction Grants	66.046	273,746	214,617
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	1,426,770	322,852
State Public Water System Supervision	66.432	542,630	- -
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444	196,000	- -
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447	337,000	- -
Water Quality Management Planning	66.454	183,047	90,000
Clean Water State Revolving Fund	66.458	<u>20,312,416</u>	- -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients	
U.S. Environmental Protection Agency (continued)				
Nonpoint Source Implementation Grants	66.460	\$ 1,250,790	\$ 497,909	
Regional Wetland Program Development Grants	66.461	190,250	-	
Geographic Programs - Chesapeake Bay Program	66.466	1,974,898	1,172,779	
Drinking Water State Revolving Fund	66.468	26,205,712	14,925	
Beach Monitoring and Notification Program Implementation Grants	66.472	271,593	128,142	
Performance Partnership Grants	66.605	584,876	-	
Hazardous Waste Management State Program Support	66.801	888,192	-	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	292,030	-	
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804	266,467	-	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	493,977	-	
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	437,614	-	
State and Tribal Response Program Grants	66.817	754,343	63,344	
Solid Waste Infrastructure for Recycling Infrastructure Grants	66.920	114,645	-	
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/ Accountability and Monitoring Grants	66.964	253,408	98,837	
Total U.S. Environmental Protection Agency		59,407,831	2,603,405	
U.S. Department of Engineering				
State Energy Program	81.041	483,067	246,912	
Weatherization Assistance for Low-Income Persons	81.042	714,034	620,902	
Renewable Energy Research and Development	81.087	112,233	-	
Total U.S. Department of Engineering		1,309,334	867,814	
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002	2,119,361	250,535	
<i>Student Financial Assistance Programs Cluster</i>				
Federal Supplemental Educational Opportunity Grants	84.007	541,596	-	
Federal Work-Study Program	84.033	379,791	-	
Federal Pell Grant Program	84.063	23,517,120	-	
Federal Direct Student Loans	84.268	13,307,961	-	
Total Student Financial Assistance Programs Cluster		37,746,468		
Title I Grants to Local Educational Agencies	84.010	52,531,627	-	
Migrant Education State Grant Program	84.011	425,481	-	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	347,150	-	
<i>Special Education Cluster (IDEA)</i>				
COVID-19 - Special Education Grants to States	84.027	\$ 290,061	-	
Special Education Grants to States	84.027	41,821,599	15,000	
Total Special Education Grants to States		42,111,660		
COVID-19 - Special Education Preschool Grants	84.173	31,228	-	
Special Education Preschool Grants	84.173	1,673,082	-	
Total Special Education Preschool Grants		1,704,310		
Total Special Education Cluster (IDEA)		43,815,970	15,000	
Higher Education Institutional Aid	84.031	598,557	-	
<i>TRIO Cluster</i>				
TRIO Talent Search	84.044	324,044	-	
TRIO Upward Bound	84.047	1,832,670	-	
Total TRIO Cluster		2,156,714		
Career and Technical Education -- Basic Grants to States	84.048	6,169,222	-	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	12,975,470	-	
Migrant Education Coordination Program	84.144	107,937	-	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	275,050	-	
COVID-19 - Special Education-Grants for Infants and Families	84.181	907,549	-	
Special Education-Grants for Infants and Families	84.181	3,250,437	-	
Total Special Education - Grants for Infants and Families		4,157,986		
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	195,482	-	
Education for Homeless Children and Youth	84.196	245,723	-	
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools	84.215	190,114	-	
Charter Schools	84.282	42,507	-	
Twenty-First Century Community Learning Centers	84.287	5,877,882	3,170,836	
Education Research, Development and Dissemination	84.305	171,924	-	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued)			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	\$ 248,562	\$ -
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	90,760	-
Rural Education	84.358	53,400	-
English Language Acquisition State Grants	84.365	1,696,563	-
Supporting Effective Instruction State Grants	84.367	9,400,967	-
Grants for State Assessments and Related Activities	84.369	4,768,972	-
Student Support and Academic Enrichment Program	84.424	7,323,633	-
<i>Education Stabilization Fund</i>			
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	320,356	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	26,509,456	-
COVID-19 - HEERF Institutional Portion	84.425F	1,204,244	-
COVID-19 - HEERF Strengthening Institutions Program (SIP)	84.425M	118,824	-
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) program	84.425R	11,356	-
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	116,236,607	-
COVID-19 - American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) program	84.425V	2,344,014	-
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief-Homeless Children and Youth	84.425W	817,105	-
Total Education Stabilization Fund		<u>147,561,962</u>	<u>-</u>
Total U.S. Department of Education		<u>341,295,444</u>	<u>3,436,371</u>
U.S. Election Assistance Commission			
HAVA Election Security Grants	90.404	620,784	-
Total U.S. Election Assistance Commission		<u>620,784</u>	<u>-</u>
U.S. Department of Health and Human Services			
COVID-19 - Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	\$ 120	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	23,144	-
Total Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		<u>23,264</u>	
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	2,813	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	56,117	-
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		<u>58,930</u>	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		95,084
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,111,899	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,410,410	-
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		<u>2,522,309</u>	
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	512,909	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	<u>2,870,947</u>	<u>-</u>
Total Special Programs for the Aging, Title III, Part C, Nutrition Services		<u>3,383,856</u>	
Nutrition Services Incentive Program	93.053	<u>437,455</u>	<u>-</u>
Total Aging Cluster		<u>6,343,620</u>	
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	355,794	-
National Family Caregiver Support, Title III, Part E	93.052	558,376	-
Public Health Emergency Preparedness	93.069	5,338,081	-
Environmental Public Health and Emergency Response	93.070	614,023	-
Medicare Enrollment Assistance Program	93.071	65,425	-
Lifespan Respite Care Program	93.072	189,144	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	105,526	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	\$ 362,221	\$ -
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	37,183	-
Maternal and Child Health Federal Consolidated Programs	93.110	484,452	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	309,505	-
Emergency Medical Services for Children	93.127	239,063	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	160,118	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	245,015	98,389
Grants To States for Loan Repayment	93.165	52,145	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	542,483	-
Family Planning Services	93.217	1,169,252	-
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	\$ 127,936	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	3,101,041	-
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance		<hr/>	3,228,977
Universal Newborn Hearing and Screening	93.251	259,260	-
COVID-19 - Immunization Cooperative Agreements	93.268	4,262,199	-
Immunization Cooperative Agreements	93.268	<hr/>	-
Total Immunization Cooperative Agreements		<hr/>	23,952,462
Viral Hepatitis Prevention and Control	93.270	237,290	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	14,379,393	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	<hr/>	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		<hr/>	26,738,413
State Health Insurance Assistance Program	93.324	290,293	-
Behavioral Risk Factor Surveillance System	93.336	437,751	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1,605,517	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	293,678	-
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		<hr/>	1,899,195
ACL Independent Living State Grants	93.369	295,465	-
National and State Tobacco Control Program	93.387	992,844	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	<hr/>	14,729,151
The State Flexibility to Stabilize the Market Grant Program	93.413	253,700	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	155,291	-
1332 State Innovation Waivers	93.423	34,889,587	-
The National Cardiovascular Health Program	93.426	1,681,689	-
Every Student Succeeds Act/Preschool Development Grants	93.434	5,752,825	4,702,166
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436	251,556	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478	227,091	-
Congressional Directives	93.493	133,498	-
Community Health Workers for Public Health Response and Resilient	93.495	2,805,974	-
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	808,098	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	1,176,330	-
Temporary Assistance for Needy Families	93.558	26,473,281	-
Child Support Services	93.563	18,765,238	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	3,447,396	-
COVID-19 - Low-Income Home Energy Assistance	93.568	44,147	-
Low-Income Home Energy Assistance	93.568	<hr/>	245,441
Total Low-Income Home Energy Assistance		<hr/>	27,068,731
COVID-19 - Community Services Block Grant	93.569	305,221	-
Community Services Block Grant	93.569	<hr/>	3,229,750
Total Community Services Block Grant		<hr/>	4,151,116

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
CCDF Cluster			
COVID-19 - Child Care and Development Block Grant	93.575	\$ 9,573,732	\$ 160,000
Child Care and Development Block Grant	93.575	<u>20,371,329</u>	-
Total Child Care and Development Block Grant			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	\$ 29,945,061	-
Total CCDF Cluster		<u>10,636,918</u>	-
		<u>40,581,979</u>	<u>160,000</u>
State Court Improvement Program	93.586	284,532	-
Grants to States for Access and Visitation Programs	93.597	141,653	-
Chafee Education and Training Vouchers Program (ETV)	93.599	59,816	-
Head Start Cluster			
Head Start	93.600	<u>2,921,198</u>	<u>1,809,967</u>
Total Head Start Cluster		<u>2,921,198</u>	<u>1,809,967</u>
Adoption and Legal Guardianship Incentive Payments	93.603	372,562	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630	570,409	229,219
Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639	32,028	-
Children's Justice Grants to States	93.643	83,987	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	713,137	-
Foster Care Title IV-E	93.658	6,419,432	-
Adoption Assistance	93.659	4,290,932	-
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664	32,972	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	25,351	-
Social Services Block Grant	93.667	4,595,354	-
Child Abuse and Neglect State Grants	93.669	267,973	-
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	706,573	624,583
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	948,999	937,714
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		<u>1,655,572</u>	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	520,262	-
Elder Abuse Prevention Interventions Program	93.747	566,012	-
Children's Health Insurance Program	93.767	31,020,310	-
Medicaid Cluster			
State Medicaid Fraud Control Units	93.775	1,939,867	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)	93.777	203,413	-
Medicare			
COVID-19 - Medical Assistance Program	93.778	137,704	-
Medical Assistance Program	93.778	<u>2,309,011,227</u>	-
Total Medical Assistance Program		<u>2,309,148,931</u>	
Total Medicaid Cluster		<u>2,311,292,211</u>	
Opioid STR	93.788	42,150,101	14,334,521
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	526,277	-
COVID-19 - Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870	213,269	-
Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870	<u>3,951,349</u>	-
Total Maternal, Infant and Early Childhood Homevisiting Grant Program		<u>4,164,618</u>	
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	112,320	-
National Bioterrorism Hospital Preparedness Program	93.889	<u>1,190,491</u>	-
Total National Bioterrorism Hospital Preparedness Program		<u>1,302,811</u>	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1,535,660	-
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	418,272	-
Grants to States for Operation of State Offices of Rural Health	93.913	191,174	-
HIV Care Formula Grants	93.917	6,033,255	-
HIV Prevention Activities Health Department Based	93.940	1,188,230	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	318,983	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	ASSISTANCE Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	\$ 226,395	\$ -
COVID-19 - Block Grants for Community Mental Health Services	93.958	\$ 1,460,066	1,503,952
Block Grants for Community Mental Health Services	93.958	<u>2,756,926</u>	-
Total Block Grants for Community Mental Health Services		4,216,992	
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,773,994	3,778,614
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>8,681,175</u>	-
Total Block Grants for Prevention and Treatment of Substance Abuse		13,455,169	
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	1,645,021	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1,297,943	-
Preventive Health and Health Services Block Grant	93.991	274,644	-
Maternal and Child Health Services Block Grant to the States	93.994	2,349,900	-
Total U.S. Department of Health and Human Services		<u>2,706,194,333</u>	<u>31,654,316</u>
Corporation for National and Community Service			
COVID-19 - AmeriCorps State Commissions Support Grant	94.003	146,680	-
AmeriCorps State Commissions Support Grant	94.003	<u>195,419</u>	-
Total AmeriCorps State Commissions Support Grant		342,099	
AmeriCorps State and National Training and Technical Assistance	94.006	1,311,098	-
	94.009	169,545	
Foster Grandparent/Senior Companion Cluster			
AmeriCorps Seniors Foster Grandparent Program (FGP)	94.011	205,835	-
Total Foster Grandparent/Senior Companion Cluster		<u>205,835</u>	-
AmeriCorps Volunteers In Service to America	94.013	15,000	-
Total Corporation for National and Community Service		<u>2,043,577</u>	-
Executive Office of the President			
High Intensity Drug Trafficking Areas Program	95.001	139,142	-
Total Executive Office of the President		<u>139,142</u>	-
Social Security Administration			
<i>Disability Insurance/SSI Cluster</i>			
Social Security Disability Insurance	96.001	6,341,595	-
Total Disability Insurance/SSI Cluster		<u>6,341,595</u>	-
Total Social Security Administration		<u>6,341,595</u>	-
U.S. Department Homeland Security			
Non-Profit Security Program	97.008	1,394,794	1,325,635
Boating Safety Financial Assistance	97.012	1,748,279	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	86,379	-
Flood Mitigation Assistance	97.029	12,647	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	54,156,831	52,600,255
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>2,889,341</u>	265,812
Total Crisis Disaster Grants - Public Assistance (Presidentially Declared Disasters)		57,046,172	
Hazard Mitigation Grant	97.039	802,551	175,764
National Dam Safety Program	97.041	56,374	23,549
COVID-19 - Emergency Management Performance Grants	97.042	496,270	256,129
Emergency Management Performance Grants	97.042	<u>3,766,031</u>	1,531,798
Total Emergency Management Performance Grants		4,262,301	
Assistance to Firefighters Grant	97.044	18,767	-
Cooperating Technical Partners	97.045	288,108	-
BRIC: Building Resilient Infrastructure and Communities	97.047	158,036	100,735
Port Security Grant Program	97.056	320,774	-
Homeland Security Grant Program	97.067	5,154,301	384,744
Presidential Residence Protection Security Grant	97.134	2,227,811	-
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	391,053	319,729
Total U.S. Department Homeland Security		<u>73,968,347</u>	<u>56,984,150</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients		
<i>Research and Development Cluster</i>					
U.S. Department of Commerce					
Coastal Zone Management Estuarine Research Reserves	11.420	\$ 975,886	\$	-	-
National Science Foundation					
Integrative Activities	47.083		185,785		-
U.S. Department of Energy					
Conservation Research and Development	81.086		36,421		34,632
U.S. Department of Health and Human Services					
Food and Drug Administration Research	93.103		263,504		3,847
Injury Prevention and Control Research and State and Community Based Programs	93.136		5,160,139		-
Biomedical Research and Research Training	93.859		111,224		-
Total Research and Development Cluster			<u>6,732,959</u>		<u>38,479</u>
Total Expenditures of Federal Awards		<u>\$ 4,291,135.386</u>		<u>\$ 230,498.284</u>	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of State of Delaware under programs of the federal government for the year ended June 30, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents operations of the State of Delaware, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of those programs administered by the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation.

Basis of Accounting

Expenditures reported on the SEFA are reported on the cash basis of accounting except for the inclusion of noncash items. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the State of Delaware's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The State of Delaware has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and continues to use a negotiated rate.

NOTE 2 STUDENT FINANCIAL ASSISTANCE PROGRAMS

Federally guaranteed loans issued to students of Delaware Technical and Community College (the College) by financial institutions during the year ended June 30, 2024 totaled \$37,746,468. This amount is included on the SEFA (Assistance Listing # 84.007, 84.033, 84.063, 84.268).

The College is responsible only for the performance of certain administration duties with respect to federally guaranteed student loan programs, and accordingly, it is not practical to determine the balances of loans outstanding to students and former students of the College under these programs.

STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 3 REVOLVING LOAN FUNDS

The Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are revolving loan funds. Federal funded new loans provided under these programs are included as expenditures on the schedule of expenditures of federal awards. The State had the following loan balances outstanding at June 30, 2024:

	Assistance Listing	Amounts Outstanding
Clean Water State Revolving Fund	66.458	\$ 248,596,733
Drinking Water State Revolving Fund	66.468	100,203,811
Total		<u>\$ 348,800,544</u>

The amounts shown as outstanding for Assistance Listing numbers 66.458 and 66.468 were not funded entirely with federal monies.

NOTE 4 UNEMPLOYMENT INSURANCE FUNDS

State Unemployment tax revenues and the government and nonprofit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as well as federal funds are reported in the SEFA under Assistance Listing number 17.225. The claim payments included in the SEFA at June 30, 2024 were \$49,351,977.

NOTE 5 NONCASH ASSISTANCE

The State is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements. Noncash amounts received by the State are included in the SEFA as follows:

	Assistance Listing	Amounts
Pandemic EBT - Food Benefits	10.542	\$ 15,148,548
Supplemental Nutrition Assistance Program (EBT Payments)	10.551	251,034,107
Emergency Food Assistance Program (Commodities)	10.569	2,548,782
Food for Education (Commodities)	10.608	6,974,351
Immunization Grants (Vaccines)	93.268	15,313,775

NOTE 6 SUBRECIPIENTS

The amount of expenditures paid to subrecipients was \$230,498,284 for the year ended June 30, 2024.

STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 7 RESEARCH AND DEVELOPMENT

The total direct amount expended for Research and Development was \$6,732,959 for the year ended June 30, 2024.

NOTE 8 DISASTER GRANTS – PUBLIC ASSISTANCE (ASSISTANCE LISTING 97.036)

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2024, \$429,961 of approved eligible expenditures that were disbursed in a prior year are included on the schedule.

NOTE 9 REBATES FROM THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

During fiscal year 2024, the State received cash rebates from infant formula manufacturers in the amount of \$5,721,242 on sales of formula to participants in the WIC program (Assistance Listing 10.557), which are netted against total expenditures included in the schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

NOTE 10 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)

reported in the Schedule for the Child Care Development Fund (CCDF) Cluster include the following funding sources:

	<u>Amounts</u>
Child Care Development Block Grants	\$ 20,371,329
CCDF Mandatory and Matching	10,636,918
CCDF CARES	3,937,134
CCDF ARP	5,636,597
Total	<u><u>\$ 40,581,979</u></u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results

Financial Statements and Schedule of Expenditures of Federal Awards

1. Type of auditors' report issued:

Summary of Opinions

	<i>Type of Opinion</i>
Governmental Activities	Unmodified
Business-type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental – General Fund	Unmodified
Governmental – Federal Fund	Unmodified
Governmental – Local School District Fund	Unmodified
Governmental – Capital Projects Fund	Unmodified
Enterprise – Lottery Fund	Unmodified
Enterprise – DEDOT Fund	Unmodified
Enterprise – Unemployment Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified
Scheduled of Expenditures of Federal Awards	Qualified

2. Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

3. Noncompliance material to financial statements noted?

yes no

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

2. Type of auditors' report issued on compliance for major federal programs: See Below

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 12,873,406

Auditee qualified as low-risk auditee?

yes no

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results (Continued)

Identification of Major Federal Programs

Major Programs	Assistance Listing	Opinion
Pandemic EBT	10.542	Unmodified
SNAP Cluster	10.551, 10.561	Unmodified
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Unemployment Insurance	17.225	Disclaimed
Coronavirus State and Local Fiscal Recovery Funds	21.027	Qualified
Coronavirus Capital Projects Fund	21.029	Qualified
Capitalization Grants for Clean Water State Revolving Funds	66.458	Unmodified
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Unmodified
Immunization Cooperative Agreements	93.268	Unmodified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
Child Support Services	93.563	Unmodified
CCDF Cluster	93.575, 93.596	Qualified
Children's Health Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Opioid STR	93.788	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Qualified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Finding 2024-001

Department of Labor – Division of Unemployment

Finding Title: Accounting and Financial Reporting – Unemployment Insurance Trust Fund

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Repeat Finding: Yes, 2022-001 and 2022-002

Condition

The Department of Labor's Division of Unemployment (DOLUI) is responsible for maintaining the books and records of the Unemployment Insurance Trust Fund, which is reported as a major proprietary (enterprise) fund in the State's Annual Comprehensive Financial Report (ACFR). This responsibility includes preparing a trial balance of the fiscal year end balances of the Trust Fund's accounts in accordance with accounting principles generally accepted in the United States of America (GAAP).

In summary, the results of our audit procedures and knowledge of the status of the resolution of the prior period findings have identified several material accounts and balances for which account reconciliations are not being performed. These are indicative of systemic accounting and financial reporting deficiencies in internal control, which ultimately led to a disclaimer of opinion over the Unemployment Insurance Trust Fund and Business-type Activities. The following details those accounts and control deficiencies identified:

Cash

Procedures are not in place to reconcile cash on a monthly basis between the book balance to the bank balance, rather most of the cash accounts were adjusted to agree to the June 30 bank statements.

Accounts Receivable/ Taxes Receivable/ Accounts Payable

Procedures are not in place to reconcile these account balances on a monthly basis. System generated reports do not agree to the amounts reported on the trial balance, in some cases these variances were significant. Various system generated reports also did not agree to each other making it difficult to rely on any of the information. Some account balances on the trial balance were not able to be supported by detailed reports, DOLUI was unsure if those account balances were accurately stated or not.

Allowance for Doubtful Accounts

DOLUI does not currently have an established method for calculating allowance for doubtful accounts. DOLUI is not following the previously established methodology for calculating their allowance for doubtful accounts, as the system generated reports do not agree to the trial balance. Their external consultants estimated an allowance amount for the current fiscal year.

Revenues and Expenses

Due to the above-mentioned issues in the balance sheet accounts, we were unable to gain comfort over the income statement amounts reported in the trial balance.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings (Continued)

Criteria

Management is responsible for the preparation and fair presentation of the financial statements of the Unemployment Insurance Trust Fund included in the State's ACFR in accordance with GAAP. Further, internal control, as defined by auditing standards generally accepted in the United States of America (U.S. GAAS), is a process effected by management and other personnel that is designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting. It is also critical that internal controls are implemented and performed on a timely basis to ensure reliability of financial reporting.

Effect

As identified above, the inability to gain reasonable assurance that account balances are fairly stated, in all material respects, through the audit process due to a pervasive lack of internal controls over the accounting and financial reporting process, leading to a disclaimer of opinion over the Unemployment Insurance Trust Fund and Business-type Activities.

Cause

Various factors contributed to the cause of the finding. DOLUI has had a substantial amount of employee turnover in the last few years, resulting in a loss of a significant amount of institutional knowledge and a lack of adequate staffing in place to complete required accounting work, including account reviews and reconciliations, on a timely basis. Additionally, the accounting system used by the Unemployment Trust Fund is an antiquated system, and, due to turnover at the Department, there is a lack of knowledge about the system and how to generate reports. Therefore, it has become difficult to produce user friendly information out of this system on a timely basis for account reconciliations and review.

Recommendation

We recommend that the DOLUI continue to work with external consultants to reconcile account balances and establish documented policies and procedures to continue these accounting practices into the future. They should also ensure adequate staffing is in place for the required workload in order to be able to keep up a timely account reconciliation process to ensure accounts are properly stated. The policies and procedures established should also ensure account reconciliations are reviewed timely and by the appropriate personnel.

Views of Responsible Officials and Corrective Actions

Management concurs with the findings. Business process improvements to provide efficiencies in internal control procedures have been developed. As a result of continued staff turnover and shortages within the Department of Labor Unemployment Division, these improvements were not implemented in a timely manner, thus resulting in the continued identified deficiencies. The State's Department of Finance Division of Accounting has engaged an external accounting firm to assist with the implementation of these deficiencies. The Department of Labor is committed to working with the outside partner to resolve all deficiencies and improve processes for future years.

Responsible Official:

Darryl Scott, Director, Division of Unemployment Insurance

Implementation Date:

June 30, 2025

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs

Matrix of Findings by Federal Agency and Federal Program

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding #	Internal Control		Compliance	Compliance Area
				Material Weakness	Significant Deficiency		
SNAP Cluster	U.S.D.A.	10.551, 10.561	2024-002		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
SNAP Cluster	U.S.D.A.	10.551, 10.561	2024-003		X	X	Special Tests and Provisions - EBT Card Security
Unemployment Insurance	U.S. DOL (17)	17.225	2024-004	X		X	Eligibility
Unemployment Insurance	U.S. DOL (17)	17.225	2024-005	X		X	Special Tests and Provisions - UI Benefit Payments
Unemployment Insurance	U.S. DOL (17)	17.225	2024-006	X		X	Special Tests and Provisions - Employer Experience Rating
Unemployment Insurance	U.S. DOL (17)	17.225	2024-007	X		X	Reporting - ETA 2208A
Unemployment Insurance	U.S. DOL (17)	17.225	2024-008	X		X	Reporting - ETA191
Unemployment Insurance	U.S. DOL (17)	17.225	2024-009	X		X	Reporting - ETA9050
Unemployment Insurance	U.S. DOL (17)	17.225	2024-010		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2024-011		X	X	Allowable Costs/Cost Principles - General Disbursements
Unemployment Insurance	U.S. DOL (17)	17.225	2024-012		X		Reporting - ETA9130
Coronavirus State and Local Fiscal Recovery Funds	U.S. TREAS (21)	21.027	2024-013	X		X	Reporting
Coronavirus State and Local Fiscal Recovery Funds	U.S. TREAS (21)	21.027	2024-014		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
Coronavirus Capital Projects Fund	U.S. TREAS (21)	21.029	2024-015	X		X	Reporting - FFATA
Rehabilitation Services-Vocational Rehabilitation Grants to States	U.S. DOE (84)	84.126	2024-016		X	X	Procurement and Suspension & Debarment
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	U.S. HHS (93)	93.391	2024-017	X		X	Allowable Costs/Cost Principles - Time and Effort Reporting
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2024-018	X		X	Period of Performance
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2024-019		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2024-020		X	X	Special Tests and Provision - Health and Safety Requirements
Children's Health Insurance Program Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2024-021	X		X	Special Tests and Provisions - Provider Eligibility
Children's Health Insurance Program Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2024-022	X		X	Special Tests and Provisions - Managed Care Financial Audit
Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2024-023		X	X	Special Tests and Provisions - Provider Health & Safety Standards

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Matrix of Findings by Federal Agency and Federal Program (continued)

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding #	Material Weakness	Significant Deficiency	Compliance	Compliance Area
Opioid STR	U.S. HHS (93)	93.788	2024-024	X		X	Allowable Costs/Cost Principles - Time and Effort Reporting
Opioid STR	U.S. HHS (93)	93.788	2024-025	X		X	Reporting - FFATA
Block Grants for Prevention and Treatment of Substance Abuse	U.S. HHS (93)	93.959	2024-026	X		X	Reporting - FFATA
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2024-027		X	X	Reporting - FFATA
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2024-028		X	X	Subrecipient Monitoring

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-002
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Department Name: Department of Health and Social Services
State Division Name: Division of Social Services
Federal Program: SNAP Cluster
Assistance Listing Number: 10.551, 10.561
Award Number and Year: 23IDE58Q3903 (10/1/2022 – 9/30/2024),
231DE401S2514 (10/1/2022 – 9/30/2023), 241DE458Q3903
(10/1/2023 – 9/30/2025), 241DE401S2514 (10/1/2023 – 9/30/2024),
241DE401S2519 (10/1/2023 – 9/30/2024), 241DE401S2520
(10/1/2023 – 9/30/2024)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Social Services (Division) was unable to provide support to validate actual payroll expenses charged to the federal program. Timesheets did not have evidence of supervisory approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For 7 of 40 timesheets selected for testing, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.

Questioned costs:

Undetermined.

Cause:

The Division did not have sufficient controls in place to ensure that time and effort reporting was performed and documented in a timely manner, in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training over time and effort reporting. The Division should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

We agree with the auditor's recommendation, and the following action will be taken to improve the current process.

- The Fiscal unit is implementing procedures to serve as the central repository for all Time and Effort records, replacing the current practice of storing these forms at the program manager level.
- Implement internal controls for Time and Effort Reporting.
- Confirm that T&E information submitted is accurate and reconciled.
- Provide training for Time & Effort certification.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-003
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Department Name: Department of Health and Social Services
State Division Name: Division of Social Services
Federal Program: SNAP Cluster
Assistance Listing Number: 10.551, 10.561
Award Number and Year: 23IDE58Q3903 (10/1/2022 – 9/30/2024),
231DE401S2514 (10/1/2022 – 9/30/2023), 241DE458Q3903
(10/1/2023 – 9/30/2025), 241DE401S2514 (10/1/2023 – 9/30/2024),
241DE401S2519 (10/1/2023 – 9/30/2024), 241DE401S2520
(10/1/2023 – 9/30/2024)
Compliance Requirement: Special Tests and Provisions – EBT Card Security
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The state is required to maintain adequate security over, and documentation/records for, EBT cards, to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Social Services (Division) did not properly secure EBT cards.

Context:

For 1 of 5 sites visited by auditors, EBT cards were not properly secured. Both the storage room and the lockbox were unlocked when auditors arrived on site.

Questioned costs:

Undetermined.

Cause:

The Division did not have sufficient controls in place to ensure that EBT cards were properly secured.

Effect:

There is an increased risk of unauthorized personnel accessing EBT cards.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training to ensure that EBT cards are properly secured at all times.

Views of responsible officials:

We agree with the auditor's recommendation, and the following action will be taken to improve the current process.

The business unit has reviewed the current Standard Operating Procedure (SOP) and has found no errors in its guidelines. However, the issue identified was due to a staff member not adhering to the established SOP.

To address this, the Administrator conducted a verbal and electronic review of the SOP with the EBT staff member and the entire EBT staff to reinforce awareness and ensure compliance with the standard operating procedure.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-004
Prior Year Finding: 2023-022
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Eligibility
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: State Workforce Agencies (SWA) responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of federal laws and regulations; (2) determining the state Unemployment Insurance (UI) tax structure; (3) collecting state UI contributions from employers (commonly called “unemployment taxes”); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program’s revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting state unemployment compensation (UC) law that conforms with federal UC law.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Unemployment Insurance (Division) did not maintain documentation supporting claimant eligibility. The Division was unable to provide a complete population to auditors for testing.

Context:

Due to a significant data loss, auditors were unable to verify that the population provided for testing by the Division was complete. Auditors selected sixty claimants from the population that was provided, and the following exceptions were noted:

- For 40 of 60 claimants, a weekly certification for work search was not performed.
- 3 of 60 claimants received unemployment benefits before eligibility was determined.
- For 1 of 60 claimants, documentation could not be provided for the claimant’s wages during the base period used to calculate the weekly benefit amount (WBA) and maximum benefit amount (MBA). Therefore, the claimant’s WBA and MBA were unable to be verified.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:

Undetermined.

Cause:

The Division's procedures and internal controls were not sufficient to ensure that it issued unemployment compensation payments accurately and that documentation to support claimant eligibility was retained. In addition, the Division experienced a significant data loss which impacted the data available to auditors to verify claimant eligibility.

Effect:

The accuracy of benefit payment amounts could not be verified.

Recommendation:

The Division should review and enhance procedures and controls to ensure that claimant eligibility is properly determined, that documentation supporting claimant eligibility is retained, and that documentation is readily available for audit.

Views of responsible officials:

The Division will continue to provide additional and on-going training to our staff and to continue to work collaboratively with Catalyst regarding enhancements, revisions, and addressing errors within the new Resolve platform. We will continue to work with Catalyst and the Modernization Team to identify systems and applications that would assist the agency with identifying efficient streamline processes, intelligent fact-finding, back-log, and overpayments. We will work with the Modernization Team with updating communication(s) to our claimants and employers regarding unemployment tools available to them (Resource Room, Kiosk, community outreach, our website, and their responsibility with keeping their contact information up to date for us to engage when processing their UI claims. We have implemented OTP (One Time Password) to present fraudulent claims, and the Resolve platform. Our Modernization Team continues to forge forward with hiring a Project Management Team who is working closely with UI SMEs (Subject Matter Experts) and have communicated changes and instructions to claimants and employers. We will continue to develop and improve claims processing procedures, educate staff, communicate clearly to claimants to ensure we meet our first payment promptness measures.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-005
Prior Year Finding: 2023-017
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Special Tests and Provisions – UI Benefit Payments
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: The State Workforce Agency (SWA) is required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is DOL's quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is exempted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied, and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of statistically sound random samples to the universe of all claims paid and denied in a state. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt, and in-depth investigations to determine if the administration of the UC program is consistent with state and federal law (20 CFR section 602.21(d)).

As presented in the ET Handbook No. 395, the investigation involves a review of state agency records, as well as contacting the claimant, employers, and third parties (either in-person, by telephone, or by fax) to conduct new and original fact-finding related to all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to federal and state law as well as official policy. The following time limits are established for completion of all cases for the year. (The "year" includes all batches of weeks ending in the calendar year.):

- a minimum of 70% of cases must be completed within 60 days of the week ending date of the batch;
- 95% of cases must be completed within 90 days of the week ending date of the batch;
- a minimum of 98% of cases for the year must be completed within 120 days of the ending date of the calendar year.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Division did not conduct weekly investigations of paid and denied claims nor complete BAM case investigations within the requirements established in the ET Handbook No. 395.

Context:

Seven weekly batches were selected for testing. The following exceptions were noted:

- For 4 of 7 weeks selected, Claims Paid investigations were not performed.
- For 6 of 7 weeks selected, Monetary Disqualifying investigations were not performed.
- For 6 of 7 weeks selected, Separation Disqualifying investigations were not performed.
- For 6 of 7 weeks selected, Non-Separation Disqualifying investigations were not performed.

Twenty cases were selected for testing case review timeliness. The Division did not meet the required time limits for closing cases within 60, 90, or 120 days. Specifically, we noted the following exceptions:

- 43% of cases tested were closed within 60 days which is less than the required 70%.
- 62% of cases tested were closed within 90 days which is less than the required 95%.
- 72% of cases tested were closed within 120 days which is less than the required 98%.
- The remaining 28% of cases tested were closed in greater than 120 days.

Questioned costs:

Undetermined.

Cause:

The Division experienced staffing shortages and other pressures which impacted its ability to meet BAM requirements for weekly claim investigations and time limits for closing cases.

Effect:

Noncompliance with BAM weekly claim investigations and time limits for closing cases could delay the detection and correction of inaccurate benefit payments and denied claims.

Recommendation:

We recommend the Division review and enhance procedures and controls to ensure that it performs weekly claim investigations and that case investigations are completed timely in accordance with the time limits established in the ET Handbook No. 395.

Views of responsible officials:

The Quality Control Unit (“QC”) is currently awaiting an update from the USDOL’s National Office regarding the possibility of a waiver that would allow Delaware to focus on current cases rather than our old backlog. The State of Iowa was granted a similar reprieve, and we are hopeful that Delaware will receive the same consideration.

QC has been recruiting to fill two positions and will determine if there is need to additional auditor positions. QC will conduct weekly meetings and provide progress reports to track milestones and address identified deficiencies. Additionally, QC will assess and re-evaluate its monitoring tools for effectiveness and utilize available reports as an additional resource for tracking progress.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-006
Prior Year Finding: 2023-018
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Special Tests and Provisions – Employer Experience Rating
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Certain benefits accrue to states and employers as a result of the state having a federally approved experience-rated UI tax system. All states currently have an approved system. For the purpose of proper administration of the system, the SWA maintains accounts, or subsidiary ledgers, on a state UI taxes received or due from individual employers, and the UI benefits charged to the employer. The employer's "experience" with the unemployment of former employees is the dominant factor in the SWA computation of the employer's annual state UI tax rate. The computation of the employer's annual tax rate is based on state UI law (26 USC 3303).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Unemployment Insurance (Division) did not maintain documentation supporting employer experience rate calculations. The Division was unable to provide a complete population to auditors for testing. Therefore, compliance with employer experience rating calculations could not be verified.

Context:

Due to a significant loss of data transferred to the mainframe, the population provided to auditors for testing was incomplete. Data was missing for the December 2023 and March 2024 quarters. Auditors selected sixty claimants from the population that was provided, and the following exceptions were noted:

- For 9 of 60 employers selected for testing, due to data loss in the mainframe, auditors were unable to verify the rate calculation.
- For 1 or 60 employers selected for testing, the rate calculated by the Division did not agree with supporting documentation.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- House Bill No. 236 prescribes the formula to be used by the Division to calculate the UI tax rate. For 3 of 60 employers selected for testing, the Division did not follow the prescribed formula.

Questioned costs:

Undetermined.

Cause:

The Division's procedures and controls were not sufficient to ensure that support for employer experience ratings was maintained and available for audit. In addition, the Division experienced a significant data loss which impacted the data available to auditors to verify rate calculations.

Effect:

The Division incorrectly applied employer experience rates to employers and failed to apply payments to employer accounts due to data loss.

Recommendation:

The Division should review and enhance procedures and controls to ensure that employer experience rates are properly calculated and applied and that documentation of employer experience rating calculations is maintained and readily available for audit.

Views of responsible officials:

As identified and noted in prior audits and BDO business process improvement (BPI) analysis, the Division is working to enhance its data transfer and posting controls. This will ensure that submitted employer quarterly tax report information including payments are posted to the employer's Unemployment Insurance accounts timely and accurately. The implementation of recommended BPIs from BDO kicked off on March 6, 2025.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-007
Prior Year Finding: 2023-019
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Reporting – ETA 2208A, Quarterly UI Above-Base Report
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: *ETA 2208A, Quarterly UI Above-Base Report (OMB No. 1205-0132)* – Quarterly report of staff years worked and paid by program category. Reports are due no later than 30 days after the end of each quarter.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Unemployment Insurance (Division) was unable to provide documentation that agreed with the ETA 2208A – Quarterly UI Above-Base Reports. In addition, segregation of duties in the preparation and review of the reports could not be verified.

Context:

ETA 2208A reports were selected for testing for the 9/30/2023 and 3/31/2024 quarters. We noted the following exceptions:

- The Division was unable to provide supporting documentation for the current quarter portion of the 9/30/2023 ETA 2208A report.
- The amounts reported for the key line item Trade Claims Activities did not agree with supporting documentation for the 3/31/2024 quarter.
- For 2 of 2 reports selected for testing, the Division was unable to provide documentation that reports were reviewed and approved prior to submission. The same individual both prepared and submitted the reports.

Questioned costs:

Undetermined.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Division's procedures and internal controls were not sufficient to ensure that submitted ETA 2208A reports agreed with supporting documentation, that it retained supporting documentation for all reports, nor that it maintained documentation that reports were reviewed and approved prior to submission.

Effect:

Auditors were unable to confirm that submitted reports were accurate, that they agreed to supporting documentation, nor that reports were reviewed and approved prior to submission.

Recommendation:

The Division should review and update its reporting procedures and controls to ensure that ETA 2208A – Quarterly UI Above-Base Reports tie to supporting documentation, that supporting documentation is maintained and readily available for audit, and that documentation that reports are reviewed and approved prior to submission is maintained.

Views of responsible officials:

The Division recently resolved a similar finding with the 9130 reports. This finding was resolved with USDOL on 2/11/2025. The Division will review the corrective action plan, policies and procedures developed for the 9130 and determine applicability for the ETA-2208A. We believe this work recently done for the 9130, can be expanded to include all reporting including the 2208A.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-008
Prior Year Finding: 2023-024
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Reporting – ETA 191, Financial Status Report of UCFE/UCX
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: 9050-Time Lapse of All First Payments except Workshare is a quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific federal agencies (ET Handbook 401).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Unemployment Insurance (Division) was unable to provide documentation that the ETA 191 – Financial Status Report had been submitted for one quarter. In addition, segregation of duties in the preparation and review of the ETA 191 reports for other quarters could not be verified.

Context:

Two quarterly reports were selected for testing and the following exceptions were noted:

- The Division was unable to provide documentation that the 3/31/2024 report had been submitted.
- Report instructions indicate that a primary and secondary contact should prepare and review the ETA 191 reports. The Division was unable to provide support that there were separate preparer and reviewers for the 9/30/2023 report.

Questioned costs:

Undetermined.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The Division does not have sufficient procedures and internal controls to ensure that ETA 191 reports are submitted nor that supporting documentation for the separate preparer and reviewer of the reports is maintained.

Effect:

Auditors were unable to confirm that the 3/31/2024 report had been submitted. In addition, inaccurate information could be reported in the ETA 191 reports if the preparer is also the reviewer who submits the report. Errors could go undetected.

Recommendation:

We recommend the Division develop procedures and internal controls and perform staff training to ensure that ETA 191 reports are submitted, that reports tie to supporting documentation, and that proper segregation of duties is maintained. The Division should also maintain documentation for all reports, including documentation of internal controls. This documentation should be readily available for audit.

Views of responsible officials:

The Division has completed its development of procedures, process controls and training of staff to ensure ETA 191 are submitted timely and accurately. The new procedures were review and accepted by USDOL on March 06, 2025. As a result, the ETA 191 CAP has been satisfied.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-009
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year:
UI372152255A10 (10/1/2021 – 12/31/2024)
UI393142355A10 (10/1/2022 – 12/31/2025)
24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Reporting – ETA 9050-Time Lapse of All First Payments except Workshare
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: The ETA 9050, Time Lapse of All First Payments except Workshare report contains monthly information on first payment time lapse. This report concerns the time it takes states to pay benefits to claimants for the first compensable week of unemployment. That data addressed first payment time lapse for total unemployment only. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Unemployment Insurance (Division) was unable to provide documentation that it had submitted the ETA 9050 report.

Context:

For 1 of 3 ETA 9050 reports selected for testing, the Division was unable to provide documentation that the report had been submitted. Auditors were unable to confirm that the report for the 9/30/2023 quarter had been submitted.

Questioned costs:

None noted.

Cause:

The Division's procedures were not sufficient to ensure that ETA 9050 reports were submitted.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Effect:

The Division is not in compliance with ETA 9050 reporting requirements.

Recommendation:

We recommend the Division review and enhance procedures and internal controls to ensure that ETA 9050 reports are submitted in accordance with program requirements and that report documentation is maintained and available for audit.

Views of responsible officials:

We remain committed to providing ongoing training to our staff and will continue collaborating with Catalyst to enhance, revise, and address any errors within the new Resolve platform. Additionally, we will work closely with Catalyst and the Modernization Team to identify systems and applications that improve efficiency through streamlined processes, intelligent fact-finding, backlog reduction, and overpayment management.

Our collaboration with the Modernization Team also includes updating communications for claimants and employers about available unemployment tools, such as the Resource Room, kiosks, community outreach programs, and our website. We will emphasize the importance of keeping their contact information up to date to ensure smooth engagement during UI claims processing.

To combat fraudulent claims, we have implemented One-Time Password (OTP) authentication within the Resolve platform. Furthermore, the Modernization Team is actively hiring a Project Management Team that works closely with UI Subject Matter Experts (SMEs) to implement changes and effectively communicate instructions to claimants and employers.

We remain dedicated to refining claims processing procedures, enhancing staff education, and providing clear communication to claimants, all to meet our first payment promptness measures.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-010
Prior Year Finding: 2023-021
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2024), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: 24A55UI000067 (10/1/2023 – 12/31/2026)
Type of Finding: Allowable Cost/Cost Principles – Time and Effort Reporting
Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Division of Unemployment Insurance (Division) was unable to provide support to validate actual payroll expenses charged to the federal program. Timesheets did not have evidence of supervisory approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For 13 of 60 timesheets selected for testing, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.

Questioned costs:

Undetermined.

Cause:

Controls were not operating effectively to ensure that time and effort reporting was performed and documented in a timely manner, in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training over time and effort reporting. The Division should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

Current process is that staff enter their time and effort in the state's timekeeping system "eStar" with dedicated functional activity codes that records their daily functions. Activity codes help determine appropriate time and effort. We understand that there was a lack of approvals from Manager and Supervisors on timecards. This is a topic that has been brought up by Division Managers and Supervisors have been told to carefully review and approve all timecards. We have seen improvement in using the eStar system. We will create a policy and procedure that includes a routine reporting mechanism the week after payroll to identify any lack of timesheet approvals so appropriate action from leadership can take place.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-011
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: 24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement: Allowable Cost/Cost Principles – General Disbursements
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR section 200.403 states, in part, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (g) Be adequately documented.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Division of Unemployment Insurance (Division) charged costs to the program that were issued without documentation of supervisory review and approval.

Context:

For 1 of 40 general disbursement transactions selected for testing, the Division was unable to provide documentation of supervisory review and approval prior to issuance of payment to the vendor.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:

Undetermined.

Cause:

The Division's procedures were not sufficient to ensure that payments were reviewed and approved prior to issuance of payment. Internal controls did not prevent or detect the errors.

Effect:

Unallowable costs could be charged to the program if disbursements are not reviewed by a supervisor who is knowledgeable of program regulations regarding allowable costs.

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training to ensure that, prior to charging costs to the program, they are reviewed by a supervisor who is knowledgeable of the regulations regarding allowable program costs and that documentation of the review is maintained.

Views of responsible officials:

New task for the Fiscal Advisor V will the review of all vouchers, PO's and payroll to eliminate these findings. This will be done every month. In addition, a new fiscal manager is being recruited which is a new position for UI and aligns with the other areas within DOL in terms of grant management providing for the proper controls.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-012
Prior Year Finding: 2023-023
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2024),
UI372152255A10 (10/1/2021 – 12/31/2024)
Compliance Requirement: Reporting – ETA 9130, Financial Status Report, UI Programs
Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

Compliance: The ETA 9130-*Financial Status Report, UI Programs* report is used to report program and administrative expenditures. All ETA grantees are required to submit quarterly financial reports for each grant award which they operate, including standard program and pilot, demonstration, and evaluation projects. Financial data is required to be reported cumulatively from grant inception through the end of each reporting period. A separate ETA 9130 is submitted for each of the following: UI, PEUC, and PUA Administration, DUA, TRA/RTAA, and UA Projects (administration and benefits).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Segregation of duties in the preparation and review of the ETA 9130 reports could not be verified.

Context:

Report instructions indicate that a primary and secondary contact should prepare and review the ETA 9130 reports. For two of fifty-one ETA 9130 reports selected for testing, the Division of Unemployment Insurance (Division) was unable to provide support for separate preparer and reviewers.

Questioned costs:

None noted.

Cause:

The Division's procedures were not sufficient to ensure that support was maintained for the separate preparer and reviewer of the ETA 9130 reports.

Effect:

Inaccurate information could be reported in the ETA 9130 reports if the preparer is also the reviewer ultimately responsible for submitting the reports. Errors could go undetected.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:

We recommend the Division review and enhance procedures and internal controls to ensure that ETA 9130 reports are submitted accurately, with proper segregation of duties.

Views of responsible officials:

The Division has completed its development of procedures, process controls and training of them. The new procedures were review and accepted by USDOL on January 29, 2025. As a result, the ETA 9130 CAP has been satisfied.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-013
Prior Year Finding: 2023-014
Federal Agency: U.S. Department of the Treasury
State Department Name: Office of the Governor
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP0139 (3/3/2021 – 12/31/2024)
SLFRP2629 (3/3/2021 – 12/31/2024)
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the *Compliance and Reporting Guidance* issued by the Department of the Treasury (Treasury), recipients must submit quarterly Project and Expenditure Reports. Required project information includes current period obligation, cumulative obligation, current period expenditure, and cumulative expenditure.

Per 31 CFR §35.6(b)(4), a recipient, other than a Tribal government, must prepare and submit written justifications for projects with capital expenditures enumerated by Treasury in the final rule and with total capital expenditures greater than \$10 million. For projects with capital expenditures greater than or equal to \$1 million but less than \$10 million, written justifications must be maintained in project files.

Such written justifications must include the following elements:

- (i) Describe the harm or need to be addressed;
- (ii) Explain why a capital expenditure is appropriate; and
- (iii) Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Office of the Governor (Office) reported an incorrect obligation amount for a Revenue Replacement project. Capital project justifications reported by the Office did not include all required elements.

Context:

Obligations: Sixty projects were selected for testing in both the 12/31/2023 and 3/31/2024 quarters. For 1 of 60 projects selected for testing in the 12/31/2023 quarter, the Office incorrectly reported cumulative and current obligations. This project was a Revenue Replacement project which used a methodology different from other projects to determine the obligated amount. Due to a spreadsheet error, the current and cumulative obligations reported were incorrect.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Capital Projects: Eight projects with capital expenditures greater than or equal to \$1 million were selected for testing, consisting of four with capital expenditures greater than or equal to \$10 million and four with capital expenditures less than \$10 million. The following exceptions were noted:

Capital Expenditures greater than or equal to \$10 million:

- 12/31/2023 Quarterly Report:
 - 1 of 4 projects did not report a capital project justification
 - 3 of 4 projects reported a capital project justification but did not include all required elements
- 3/31/2024 Quarterly Report:
 - 3 of 4 projects reported a capital project justification but did not include all required elements

Capital Expenditures less than \$10 million: Capital project justifications for projects less than \$10 million are not required to be included on quarterly Project and Expenditure Reports, but the Office included these justifications in the Project Description field.

- 12/31/2023 Quarterly Report:
 - For 2 of 4 projects, the capital project justification included in the project description did not include all required elements
- 3/31/2024 Quarterly Report:
 - For 2 of 4 projects, the capital project justification included in the project description did not include all required elements

Cause:

Procedures and internal controls were not operating effectively to ensure that obligations were accurately reported nor that written capital project justifications contained all required elements.

Effect:

Obligations were incorrectly reported, and capital project justifications did not include all required elements.

Questioned costs:

Undetermined.

Recommendation:

We recommend that the Office enhance its procedures and internal controls to ensure that project obligations reported are accurate and tie to supporting documentation. We further recommend that the Office enhance its procedures and internal controls regarding written capital project justifications to ensure that they contain all required elements of the program. The Office should provide training of State agency personnel and conduct periodic reviews of the written capital project justifications to ensure that they comply with program requirements.

Views of responsible officials:

The ARPA team will update our procedures going forward to ensure that obligations are reported accurately. The ARPA team has revised the obligation collection and reporting process to capture all obligated amounts including subawards and aggregate obligations for comprehensive obligation

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

tracking. Obligation process improvements were enacted for December 31, 2024, reporting. Procedure changes will include a second-level review and enhanced expenditure and obligation reconciliation prior to the submission of quarterly ARPA SLFRF reporting. During the second and third quarters of calendar year 2025, the state will also review and continue data collection for capital justifications that are deemed insufficient following intensive analysis and review. ARPA staff will have the enhanced justifications provided by state and subrecipient partners documented and captured for the reporting period ending June 30, 2025, and submitted by July 2025.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-014
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Department Name: Domestic Violence Coordinating Council (DVCC)
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP0139 (3/3/2021 – 12/31/2024)
SLFRP2629 (3/3/2021 – 12/31/2024)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department (DVCC) did not have effective controls in place for monitoring and obtaining adequate support to validate actual payroll expenses charged to the federal program. Timesheets did not have evidence of timely approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Twenty-eight timesheets were selected for testing, and we noted the following exceptions:

- 2 of 28 timesheets selected for testing were not signed timely. They were signed after auditors requested the timesheets for testing.

Questioned costs:

Undetermined.

Cause:

Controls were not operating effectively to ensure that time and effort reporting was performed and documented in a timely manner in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Department should reevaluate current process, implement proper controls, and perform additional training over time and effort reporting. The Department should not seek federal reimbursement unless they can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

Domestic Violence Coordinating Council (DVCC) is situated under the umbrella of the Criminal Justice Council (CJC), in the Executive Branch of Delaware State government. The CJC's fiscal staff prepare and process DVCC staff Time and Effort Certification forms but after December 2023, due to a significant staffing shortage, DVCC stopped receiving T&E forms. After this audit, the DVCC Executive Director communicated with CJC administrative grant staff to request that Time and Effort Certification forms resume being prepared for DVCC staff so that they can be signed and processed in a timely fashion.

In addition, the Executive Director can provide additional documents to substantiate the contractor's time and effort, such as:

- meeting minutes with attendance listed for public meetings that took place during the audited period;
- documents and photos from the Family Justice Center Summit in New Orleans, Louisiana that this contractor attended Dec. 5-8, 2023;
- notes, travel information and receipts, and photos from site visits to 3 Family Justice Centers in Contra Costa County, California that the contractor attended Jan. 31 – Feb 2, 2024.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-015
Prior Year Finding: No
Federal Agency: U.S. Department the Treasury
State Department Name: Office of the Governor
Federal Program: COVID-19 – Coronavirus Capital Projects Fund
Assistance Listing Number: 21.029
Award Number and Year: CPFFN0144 (2021 – 2026)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Office of the Governor (Office) did not report subaward information to FSRS.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Zero of eight subawards selected for testing were reported to FSRS. The subawards were issued in March 2021 and have not been reported to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	8	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$17,755,285	\$17,755,285	\$0	\$0	\$0

Cause:

The Office does not have procedures or internal controls to ensure that subaward information is reported to FSRS.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Office develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

ARPA staff has addressed and completed the required subaward reporting to FSRS, following the documentation of the issue. We will review and implement new internal controls and procedures to ensure that all future subawards are reported in a timely manner, specifically by the end of the month following their issuance. ARPA staff will accomplish this by monitoring all new subawards established through coordination with partner state agencies including ongoing monthly review meetings and/or correspondence.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-016
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Department Name: Department of Labor
Federal Program: Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing Number: 84.126
Award Number and Year:
H126A220009 (10/1/2021 – 9/30/2023)
H126A220010 (10/1/2021 – 9/30/2023)
H126A230009 (10/1/2022 – 9/30/2024)
H126A230010 (10/1/2022 – 9/30/2024)
H126A240009 (10/1/2023 – 9/30/2025)
H126A240010 (10/1/2023 – 9/30/2025)
Compliance Requirement: Procurement, Suspension & Debarment
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR section 200.317 Procurements by states, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds.

Per 29 Del C. Chapter 69, section 6981 Large professional service procurement process:

- (a) Any state contract for which an agency is a party with probable fees, including reimbursable expenses and amendments, greater than the threshold amount or amounts established by the Contracting and Purchasing Advisory Council pursuant to § 6913 of this title for the completed job will be subject to the provisions of this subchapter.
- (b) Each agency shall publicly announce, not less than once a week for two consecutive weeks in a newspaper published or circulated in each county of the State, when professional services are required
- (c) Each agency shall publicly announce each professional services contract subject to subsection (a) of this section by electronic publication accessible to the public in a manner prescribed pursuant to § 6902(9) of this title for two consecutive weeks.
- (d) Such announcement shall include:
 - (1) The project identification;
 - (2) General description and scope of the project;
 - (3) Location;
 - (4) Deadline for submission of brief letters of interest;
 - (5) Criteria for selection of professionals including any special criteria required for any particular project;
 - (6) Indication of how interested professionals can apply for consideration;
 - (7) The agency's intention to award to more than one firm, if applicable; and
 - (8) A description of the selection process to be used, as defined in § 6982 of this title.
- (f) Each agency shall establish written administrative procedures for the evaluation of applicants. These administrative procedures shall be adopted and made available to the public by each agency before publicly announcing an occasion when professional services are required. One or more of the following criteria may be utilized in ranking the applicants under consideration:
 - (1) Experience and reputation;

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- (2) Expertise (for the particular project under consideration);
- (3) Capacity to meet requirements (size, financial condition, etc.);
- (4) Location (geographical);
- (5) Demonstrated ability;
- (6) Familiarity with public work and its requirements; or
- (7) Distribution of work to individuals and firms or economic considerations.

- (g) In addition to the above, other criteria necessary for a quality, cost-effective project may be utilized.
- (h) Each project shall be given individual attention, and a weighted average may be applied to criteria according to its importance to each project.
- (i) For the selection process described in § 6982(b) of this title, price may be a criteria used to rank applicants under consideration.

Per 29 Del C. Chapter 69, section 6982 Selection:

- (b) Agencies shall use the selection process described in paragraphs (b)(1) through (3) of this section.
 - (1) Based upon the criteria established pursuant to § 6981(f) of this title, the agency shall determine all applicants that meet the minimum qualifications to perform the required services.
 - (2) The agency shall then interview at least one of the qualified firms. The agency may negotiate with one firm without terminating negotiations with another firm and may negotiate with one or more firms during the same period. At any point in the negotiation process, the agency may, at its discretion, terminate negotiations with any or all firms.
 - (3) The agency may require the firm with whom the agency is negotiating to execute a truth-in-negotiation certificate stating the wage rates and other factual unit costs supporting the compensation are accurate, complete and current at the time of contracting. All professional service contracts shall provide that the original contract price and any additions thereto shall be adjusted to exclude significant sums where the agency determines the contract price was increased due to inaccurate, incomplete or noncurrent wage rates and other factual unit costs. All such contract adjustments shall be made within one year following the end of the contract.

Sole source procurement shall be avoided, except when no reasonable alternative sources exist. A written determination by the agency for the sole source procurement shall be included in the agency's contract file. (29 Del. C. §6904(i))

2 CFR 200.214 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person

Control: Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Department of Labor (Department) did not award a contract to a vendor from which it procured services, nor did it verify the vendor's suspension and debarment status.

Context:

For one of eight contracts selected for testing, the Department paid \$247,860 to a vendor during FY2024 but it did not issue a contract to the vendor prior to procuring services and issuing payments, nor did it verify the vendor's suspension and debarment status.

Questioned costs:

Undetermined.

Cause:

The Department's internal controls were not sufficient to ensure that federal and statewide procurement policies and suspension and debarment regulations were followed for purchases made for the program.

Effect:

The Department did not follow federal or statewide procurement procedures, nor did it verify the vendor's suspension and debarment status prior to procuring services from the vendor. Failure to adhere to procurement and suspension and debarment policies and procedures may result in obtaining goods or services under terms that are not in the best interest of the federal program and/or the State or with vendors who are ineligible to participate in the program.

Recommendation:

The Department should review and enhance controls and procedures to ensure that it follows the state's procurement policy and federal suspension and debarment regulations for all goods and services charged to the program.

Views of responsible officials:

The Division of Vocational Rehabilitation's mission is to address employment barriers and support the employment needs of individuals with disabilities. This support includes acquiring assistive technology, job coaches, and a variety of accommodations. Hard of Hearing participants benefit from hearing aids to achieve employment and independent living responsibilities. Unfortunately, the procurement of hearing aids was from Audiology Services Company, a medical group that has 52 practice medical offices. Thus, the Division was not aware multiple medical offices were under the umbrella of the parent company. The Division of Vocational Rehabilitation is exploring the Cooperative Purchasing Venture [CPVSubscribe2 tcm36-521414.pdf](#) utilized by other state vocational rehabilitation programs. The Division of Vocational Rehabilitation is engaged with the Government Support Services and agency counsel for opportunities to access the Volume Purchasing Agreement. Timeline: 90 days. The Division of Vocational Rehabilitation is also preparing a request for proposal for procurement of hearing aids and related assistive technology. Timeline 60 days.

The Division of Vocational Rehabilitation has established procedures to monthly monitor vendor expenditures on a monthly and cumulative basis; communicating with team members and vendors when approaching spending thresholds and making system adjustments to suspend access as needed. Timeline: Initiated and in-place but monitoring each month.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-017
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Public Health
Federal Program: COVID-19 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number: 93.391
Award Number and Year: NH75OT000088 (6/1/2021 – 5/31/2026)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Division of Public Health (Division) was unable to provide support to validate actual payroll expenses charged to the federal program. Timesheets did not have evidence of supervisory approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For 7 of 7 timesheets selected for testing, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.

Questioned costs:

Undetermined.

Cause:

Controls were not operating effectively to ensure that time and effort reporting was performed and documented in a timely manner, in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training over time and effort reporting. The Division should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

The Division of Public Health acknowledges the finding related to time and effort reporting and recognizes the importance of maintaining robust internal controls to ensure compliance with federal regulations. The Division is committed to rectifying the deficiencies identified in the audit and improving its time and effort documentation process. Specifically, the Division will take the following corrective actions:

1. **Review and Revise Internal Controls:** The Division will reassess and strengthen its internal control procedures to ensure time and effort reporting is accurately documented and substantiated. This includes implementing a process for consistent and timely supervisory review and approval of timesheets.
2. **Training for Staff and Supervisors:** The Division will conduct additional training for staff and supervisors on the requirements for time and effort reporting, ensuring that employees are fully aware of the documentation needed for federal compliance. This will include training on the importance of obtaining supervisory approval and maintaining proper records.
3. **Improved Documentation Practices:** The Division will implement a system to ensure that timesheets are reviewed and approved by a supervisor prior to submission. A clear, documented process will be established for maintaining and tracking all supporting documentation for payroll expenses charged to the federal program.
4. **Ongoing Monitoring and Review:** The Division will conduct periodic internal audits and reviews of time and effort reporting to ensure continued compliance. This will include random checks to verify that supervisory approvals are obtained, and that all necessary documentation is available for review.

The Division is dedicated to ensuring full compliance with 2 CFR Section 200.430 and 2 CFR Section 200.303 and will take the necessary steps to prevent future issues related to time and effort reporting.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-018
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Social Services
Federal Program: CCDF Cluster
Assistance Listing Number: 93.575. 93.596
Award Number and Year: 2401DECCDD (10/1/2023 – 9/30/2026)
2401DECCDF (10/1/2023 – 9/30/2026)
Compliance Requirement: Period of Performance
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Social Services (Division) charged costs to federal grants that were prior to the grant's allowable period of performance.

Context:

Four of five expenditure transactions selected for testing were incurred prior to the award's period of performance start date. Expenditures were incurred from 1 to 85 days before the award's start date.

Cause:

The Division's procedures and internal controls were not operating sufficiently to ensure that expenditures charged to the program were incurred within the award's period of performance.

Effect:

Costs could be deemed unallowable by the awarding agency if funds are expended and/or obligated before and/or after the allowable period of performance.

Questioned costs:

\$2,516, the amount expended prior to the start date of the grant's period of performance.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:

The Division should review and enhance its procedures and internal controls to ensure that it charges expenditures to the program that are incurred within an award's allowable period of performance.

Views of responsible officials:

We agree with the auditor's recommendation, and the following action will be taken to improve the current process.

Division of Social Services (DSS) will review expenditures for the 2024 CCDF grant to ensure that all reported expenditures occurred during the period of performance. Adjustment to the prior period will be reflected in the ACF-696 Financial Report. Moving forward, DSS will ensure that its quarterly grant reporting procedures include a review of expenditures and grant draws to ensure all dates fall within the allowed period of performance.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-019
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Social Services
Federal Program: CCDF Cluster, COVID-19 – CCDF Cluster
Assistance Listing Number: 93.575. 93.596
Award Number and Year:
2301DECCDD (10/1/2022 – 9/30/2025)
2301DECCDF (10/1/2022 – 9/30/2025)
2401DECCDD (10/1/2023 – 9/30/2026)
2401DECCDF (10/1/2023 – 9/30/2026)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Division of Social Services (Division) was unable to provide support to validate review and approval of payroll expenses charged to the federal program. Timesheets did not have evidence of supervisory approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

For 7 of 40 timesheets selected for testing, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.

Questioned costs:

Undetermined.

Cause:

Controls were not operating effectively to ensure that time and effort reporting was performed and documented in a timely manner, in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Division should reevaluate its current process, implement proper controls, and perform additional training over time and effort reporting. The Division should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

We agree with the auditor's recommendation, and the following action will be taken to improve the current process.

- The Fiscal unit is implementing procedures to serve as the central repository for all Time and Effort records, replacing the current practice of storing these forms at the program manager level.
- Implement internal controls for Time and Effort Reporting.
- Confirm that T&E information submitted is accurate and reconciled.
- Provide training for Time & Effort certification.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-020
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Social Services
Federal Program: CCDF Cluster, COVID-19 – CCDF Cluster
Assistance Listing Number: 93.575. 93.596
Award Number and Year:
2301DECCDD (10/1/2022 – 9/30/2025)
2301DECCDF (10/1/2022 – 9/30/2025)
2401DECCDD (10/1/2023 – 9/30/2026)
2401DECCDF (10/1/2023 – 9/30/2026)
Compliance Requirement: Special Tests and Provisions – Health and Safety Requirements
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: As part of their CCDF plans, Lead Agencies must certify that procedures are in effect (e.g., monitoring and enforcement) to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that child care providers (unless they meet an exception, e.g., family members who are caregivers or individuals who object to immunization on certain grounds) serving children who receive subsidies meet requirements pertaining to health and safety. These requirements must address eleven specific areas—including first aid and CPR, safe sleeping practices, and administration of medication—and child care workers must be trained in these areas (42 USC 9858c(c)(2)(I); 45 CFR section 98.41).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Social Services (Division) did not maintain documentation to support providers' compliance with the program's health and safety requirements nor were all periodic reviews conducted to verify compliance.

Context:

Forty providers were selected for testing and the following exceptions were noted:

- For 4 of 40 providers selected for testing, the Division was unable to provide evidence that the provider complied with health and safety requirements.
- For 1 of 40 providers selected for testing, the Division did not perform a compliance review to verify the provider's compliance with health and safety requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Questioned costs:

Undetermined.

Cause:

The Division's procedures and controls were not sufficient to ensure that providers met the program's health and safety requirements.

Effect:

Failure to verify and document compliance with health and safety requirements could allow ineligible providers to perform services under the program.

Recommendation:

The Division should reevaluate its current process and perform additional training to ensure all providers are compliant with required health and safety requirements and that documentation is maintained and readily available for audit.

Views of responsible officials:

We agree with the auditor's recommendation, and the following action will be taken to improve the current process.

The Division will evaluate the current process for improvements and perform the needed training to ensure all providers remain compliant with the required health and safety requirements. In addition, will update procedures to properly reflect federal requirements regarding document retention.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-021
Prior Year Finding: 2023-003
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Medicaid and Medical Assistance
Federal Program: Children's Health Insurance Program, Medicaid Cluster
Assistance Listing Number: 93.767, 93.775, 93.777, 93.778
Award Number and Year:
2405DE5021 (10/1/2023 – 9/30/2024)
2305DE5MAP (10/1/2022 – 9/30/2023)
2405DE5MAP (10/1/2023 – 9/30/2024)
Compliance Requirement: Special Tests and Provisions – Provider Eligibility
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: In order to receive Medicaid payments, providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H. Providers who have been barred from participation by the OIG exclusion list are not eligible to be enrolled in the Medicaid program (42 CFR 455.436).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Medicaid and Medical Assistance (Division) is not in compliance with federal regulations relating to provider eligibility requirements for both new and revalidated providers.

Context:

The following exceptions were noted during testing of provider eligibility requirements:

- For 23 of 60 providers, no documentation was available to support that the provider was properly licensed or screened and enrolled in accordance with federal requirements. A license was not provided or the license provided was expired. The provider was not properly screened and enrolled in accordance with 42 CFR Part 455, Subpart E; specifically, no agreements on file, applications outdated, or the provider was not revalidated within the last five years.
- For 3 of 60 providers, documentation was not available to support that the provider made all required disclosures to the State in accordance with 2 CFR Part 455, Subpart B.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- For 17 of 60 providers, documentation was unavailable to support that the Division ensured the provider was properly reevaluated and re-enrolled as outlined at 42 CFR 455 Subpart E.

Questioned costs:

Undetermined, based on lack of information, we were unable to determine if unallowed costs were incurred.

Cause:

The Division did not consistently follow procedures to determine and monitor provider eligibility.

Effect:

The Division was unable to support provider eligibility which may result in unallowed costs.

Recommendation:

The Division should reevaluate its current process and perform additional training for determining and monitoring provider eligibility. More thorough reviews and supervision should be placed around the provider eligibility processes.

Views of responsible officials:

As of September 2024, DMMA is now in compliance with the 21st Century Cures Act and is enrolling all Fee For Service & Managed Care Organization providers. In addition, we worked with our federal sponsor to ensure we became compliant, and through that process we were granted two extensions.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-022
Prior Year Finding: 2023-004
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Medicaid and Medical Assistance
Federal Program: Children's Health Insurance Program, Medicaid Cluster
Assistance Listing Number: 93.767, 93.775, 93.777, 93.778
Award Number and Year:
2405DE5021 (10/1/2023 – 9/30/2024)
2305DE5MAP (10/1/2022 – 9/30/2023)
2405DE5MAP (10/1/2023 – 9/30/2024)
Compliance Requirement: Special Tests and Provisions – Managed Care Financial Audit
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Two types of audits are required for managed care:

1. Audited Financial Reports – The contract with each Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), and Prepaid Ambulatory Health Plan (PAHP) must require them to submit to the state an audited financial report specific to the Medicaid contract on an annual basis. These audits must be conducted in accordance with generally accepted accounting principles and generally accepted auditing standards (42 CFR section 438.3(m)).
2. Periodic Audits – Effective no later than for rating periods for contracts starting on or after July 1, 2017, the state must periodically, but no less frequently than once every three years, conduct, or contract for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each MCO, PIHP, and PAHP and post the results of these audits on its website (42 CFR section 438.602(e) and (g); May 6, 2016, Federal Register (81 FR 27497); OMB No. 0938-0920).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Medicaid and Medical Assistance (Division) was unable to provide documentation that it had obtained and reviewed financial statements for its MCOs, nor did it post results of managed care financial audits on its website.

Context:

For the two MCOs within the state, the following exceptions were noted:

- For 2 of 2 MCOs, the Division was unable to provide documentation that it had obtained and reviewed the MCOs' independent financial statement audits.
- For 2 of 2 MCOs, the Division did not post the results of the audits on its website.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:

None noted.

Cause:

The Division does not have sufficient procedures or controls in place to ensure that its MCOs have independent financial audit performed, that it obtains and reviews copies of the audit reports, nor that it posts the results of independent audits to its website once completed.

Effect:

The Division is unable to ensure that its MCOs were audited in accordance with generally accepted accounting principles and generally accepted auditing standards. Failure to obtain qualified audit reports from its MCOs causes the Division to be unaware of potential deficiencies, corrective action plans or unmet requirements which would be identified as a result of qualified audits.

Recommendation:

The Division should implement procedures and controls to ensure that its MCOs have independent financial audits performed, that it obtains and reviews copies of the audit reports, and that it posts the results of independent audits to its website once completed.

Views of responsible officials:

The Division has developed a process to ensure the contracted MCO's have received an independent audit as required and that the results of that audit will be posted to the website. In addition, the Division will also utilize our independent Actuary CPA to review the financial data of MCO's as an additional step in the review process.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-023
Prior Year Finding: 2023-002
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Medicaid and Medical Assistance
Federal Program: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2305DE5MAP (10/1/2022 – 9/30/2023)
2405DE5MAP (10/1/2023 – 9/30/2024)
Compliance Requirement: Special Tests and Provisions – Provider Health and Safety Standards
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/IID (42 CFR part 442). The standards may be modified in the State Plan. The Medicaid Provider Enrollment Compendium (MPEC) requires that State Medicaid Agencies perform screening of providers based upon their risk level. Screening includes verifications of licenses and compliance with all federal and state regulations of the program.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Medicaid and Medical Assistance (Division) did not maintain documentation to support providers' compliance with the prescribed health and safety standards.

Context:

For 12 of 60 providers selected for testing, the Division was unable to provide evidence that the provider complied with health and safety standards as required in 42 CFR 442.

Questioned costs:

Undetermined.

Cause:

The Division's procedures and controls were not sufficient to ensure that it maintained documentation that providers met the program's health and safety requirements.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:

Failure to verify and document compliance with health and safety standards could allow ineligible providers to perform services under the Medicaid program.

Recommendation:

The Division should reevaluate its current process and perform additional training to ensure documentation is maintained in accordance with program requirements and that all providers are compliant with required health and safety standards.

Views of responsible officials:

As of September 2024, DMMA is now in compliance with the 21st Century Cures Act and is enrolling all Fee For Service & Managed Care Organization providers. This compliance has allowed the Division to develop a process to ensure that the documentation is maintained in accordance with the program requirements.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-024
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Substance Abuse and Mental Health
Federal Program: Opioid-STR
Assistance Listing Number: 93.788
Award Number and Year: H79TI085764 (9/30/2022 – 9/29/2024)
H79TI083305 (9/30/2020 – 9/29/2023)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: 2 CFR Section 200.430 (8)(i) Standards for Documentation of Personnel Expenses states that: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Substance Abuse and Mental Health (Division) was unable to provide support to validate actual payroll expenses charged to the federal program. Timesheets did not have evidence of supervisory approval.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Zero of fourteen timesheets selected for testing were not properly certified by a program supervisor. Specifically, we noted:

- For 8 of 14 timesheets, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.
- For 6 of 14 timesheets, the timesheets were certified by the supervisor in February 2025, three months after they were selected by auditors for testing.

Questioned costs:

Undetermined.

Cause:

The Division does not have controls to ensure that time and effort reporting is performed and documented in a timely manner, in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Division should develop procedures, implement proper controls, and perform additional training over time and effort reporting. The Division should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program. Documentation should be readily available for audit.

Views of responsible officials:

The Division is re-evaluating the current process, implementing proper controls, and will perform additional training on time and effort reporting for efficiency and compliance.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-025
Prior Year Finding: 2023-007
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Substance Abuse and Mental Health
Federal Program: Opioid STR
Assistance Listing Number: 93.788
Award Number and Year: H79TI083305 (9/30/2020 – 9/29/2023)
H79TI085764 (9/30/2022 – 9/29/2024)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Division of Substance Abuse and Mental Health (Division) did not report required subaward information to FSRS for first-tier subawards of \$30,000 or more.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:

Eighteen subawards were selected for testing and the following exceptions were noted:

- 10 of 18 subawards were not reported to FSRS.
- 4 of 18 subawards was not reported timely to FSRS.
- 3 of 18 subawards were not reported correctly to FSRS. The total of these subawards was \$1,641,717, but \$11,861,226 was reported.

Of the exceptions noted above, two subawards were both reported untimely and incorrectly and are included in both categories.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
18	10	4	3	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$15,338,125	\$10,713,115	\$4,765,170	\$1,641,717	\$0

Cause:

The Division's policies and procedures were not sufficient to ensure that required subaward information was reported accurately to FSRS no later than the end of the month following the date the subaward was issued. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Division develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the Division develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS.

Views of responsible officials:

The Division will reevaluate its current process, implement proper controls for FFATA reporting standards, and ensure subawards are reviewed timely. In addition, staff will be assigned to verify information prior to being keyed into FSRS.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-026
Prior Year Finding:	2023-008
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division Name:	Division of Substance Abuse and Mental Health
Federal Program:	Block Grants for Substance Use Prevention, Treatment, and Recovery Services, COVID-19 - Block Grants for Substance Use Prevention, Treatment, and Recovery Services
Assistance Listing Number:	93.959
Award Number and Year:	1B08TI085845 (10/1/2022 – 12/31/2024) B08TI083979 (9/1/2021 – 12/31/2025) 21B1DESAP (3/15/2021 – 6/15/2024)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

The Division of Substance Abuse and Mental Health (Division) did not report required subaward information to FSRS for first-tier subawards of \$30,000 or more.

Context:

Seventeen subawards were selected for testing and the following exceptions were noted:

- 14 of 17 subawards were not reported to FSRS.
- 3 of 17 subawards was not reported timely to FSRS.
- 3 of 17 subawards were not reported correctly to FSRS. The total of these subawards was \$14,967,580, but \$55,138,498 was reported.

Of the exceptions noted above, two subawards were both reported untimely and incorrectly and are included in both categories.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
17	14	3	3	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$24,011,570	\$19,754,951	\$4,256,619	\$14,967,580	\$0

Cause:

The Division's policies and procedures were not sufficient to ensure that required subaward information was reported accurately to FSRS no later than the end of the month following the date the subaward was issued. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Division develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the Division develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS.

Views of responsible officials:

The Division will reevaluate its current process, implement proper controls for FFATA reporting standards, and ensure subawards are reviewed timely. In addition, staff will be assigned to verify information prior to being keyed into FSRS.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-027
Prior Year Finding: 2023-010
Federal Agency: U.S. Department Homeland Security
State Department Name: Department of Safety and Homeland Security, Federal Emergency Management Agency (FEMA)
State Division Name: Delaware Emergency Management Agency (DEMA)
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters), COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Award Number and Year: 4526-DR-DE (2020-2024), 4566-DR-DE (2020-2024), 4627-DR-DE (2021-2025)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:

DEMA did not report subaward information to FSRS timely during FY2023.

Context:

Two of three subawards selected for testing were not reported to FSRS timely.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
3	0	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$24,485,776	\$0	\$7,494,678	\$0	\$0

Cause:

DEMA's policies and procedures were not sufficient to ensure that subaward information was reported timely to FSRS. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that DEMA enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

In review of our timing for reporting subgrants, we discovered we were receiving the subawards for reporting more than 30 days after the award date due to the date of award having a back date to match the FEMA award or obligation date. Our reporting has improved to within 90 days of the subaward, some of which is timing issues with the date and when the award is issued versus when received for reporting. We have addressed this issue with the personnel that complete the subaward letters to meet the compliance issue of reporting within 30 days. We are also moving to a grant management software that will automatically notify us when subawards are active for reporting. New grants are being managed in the software to prevent these issues in the future.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number: 2024-028
Prior Year Finding: 2023-011
Federal Agency: U.S. Department Homeland Security
State Department Name: Department of Safety and Homeland Security, Federal Emergency Management Agency (FEMA)
State Division Name: Delaware Emergency Management Agency (DEMA)
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters), COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Award Number and Year: 4526-DR-DE (2020-2024), 4566-DR-DE (2020-2024), 4627-DR-DE (2021-2025)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR §200.332(a) - Requirements for Pass-Through Entities states, in part, that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Control: Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

DEMA did not furnish all required information to its subrecipients at the time of issuance of the subawards.

Context:

For five of five subrecipients, the Federal Award Identification (FAIN), was not provided to the subrecipient at the time of award issuance.

Questioned costs:

Undetermined.

Cause:

DEMA did not establish effective internal controls and procedures over subrecipient monitoring.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:

Excluding the required federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports, and federal funds may not be properly audited at the subrecipient level in accordance with the Uniform Guidance.

Recommendation:

DEMA should review and enhance internal controls and procedures to ensure that all required information is included in all subawards.

Views of responsible officials:

DEMA updated internal controls and procedures to address this previous finding. Subrecipients are notified of any funds awarded with award letters. When a project is amended, updated award letters have been issued. Following the initial finding, updated sub-award letters were issued to sub-recipients. All newly issued sub-award letters also contained the proper information as required by 2 CFR §200.332(a). The FAIN number has been listed as “Disaster” on each sub-award letter. In the future versions, “Disaster” will be replaced with “FAIN”. In addition, DEMA’s procedures have been updated, reviewed and approved/accepted by FEMA in DEMA’s Public Assistance Administration Plan which is reviewed and updated annually.



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