



# State of Delaware

# Single Audit Report

Fiscal Year Ended June 30, 2020



Kathleen McGuiness, RPh, CFE



**What Was Performed?** Fourteen federal programs under seven state agencies were reviewed for the Uniform Guidance Single Audit for the Fiscal Year Ended June 30, 2020.

**Why This Engagement?** The State of Delaware is required by federal law to have an annual audit of the administration of federal assistance programs. In fiscal year 2020, the state administered \$3.5 billion in federal assistance programs through various state agencies.

**What was found?** Seven entities were reviewed for the audit:

- Department of Education
- Department of Health and Social Services
- Department of Transportation
- Office of Management and Budget
- Department of Labor
- Department of Natural Resources and Environmental Control
- Delaware National Guard

Within those seven entities, a total of 14 federal programs were reviewed.

Overall, the state received an unmodified opinion.<sup>1</sup> However, there were 16 findings in total, and five of those 16 led to a qualified opinion.<sup>2</sup> Of the 16 findings issued in the report, five were repeat findings. The entities with repeat findings were:

- Department of Health and Social Services (x4)
- Department of Health and Social Services and Department of Labor (x1)

**Recommendations:** Our office will work with the federal government to resolve the findings identified with the state agencies.

The FY20 State of Delaware Uniform Guidance Single Audit Reporting Package can be found on our website: [click here](#).

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuinness at [kathleen.mcguinness@delaware.gov](mailto:kathleen.mcguinness@delaware.gov).

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<sup>1</sup> An unmodified opinion is sometimes referred to as a “clean” opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity’s financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

<sup>2</sup> A qualified opinion is referred to as an opinion that might have been clean if not for certain items that were not included or unavailable at the time of the audit.

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**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***

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Delaware (the State), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements and have issued our report thereon dated December 24, 2020. 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%
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	84%	72%
General Fund	Sustainable Energy Utility, Inc.	4%	0%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	99%	100%

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### **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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-002 to be a significant deficiency.

### **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 determination of financial statement amounts. 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*.

### **State of Delaware's Response to Findings**

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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**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 State'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 State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 24, 2020



**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**

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**Report on Compliance for Each Major Federal Program**

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 for the year ended June 30, 2020. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2020. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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**Auditors’ Responsibility**

Our responsibility is to express an opinion on compliance for each of the State’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State’s compliance.

**Basis for Qualified Opinions**

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

Program	CFDA Number	Noncompliance	Finding Number
Children's Health Insurance Program	93.767	Special Tests – Provider Eligibility	2020-003
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests – Provider Eligibility	2020-003
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests – Provider Health and Safety Standards	2020-004
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	2020-005
Opioid State Targeted Response	93.788	Subrecipient Monitoring	2020-006
Unemployment Insurance	17.225	Eligibility	2020-016

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

**Qualified Opinions**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions paragraph, 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 the programs for the year ended June 30, 2020.



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### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed 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 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-013, 2020-014, and 2020-015. Our opinion on each major federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 2020-003, 2020-004, 2020-005, 2020-006 and 2020-016 to be material weaknesses.

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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 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, 2020-013, 2020-014, and 2020-015 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the State as of and for the year ended June 30, 2020, and have issued our report thereon dated December 24, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 22, 2021

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>			
Delaware Criminal Case Scheduling Initiative	10.000	\$ 109,663	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	514,700	-
Agricultural Marketing Service	10.163	1,757	-
Specialty Crop Block Grant Program - Farm Bill	10.170	205,301	-
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	225,753	-
1890 Capacity (CBG)	10.216	10,000	-
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	476,175	-
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program (SNAP)	10.551	226,910,614	-
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	<u>15,854,538</u>	-
Total Food Stamp Cluster		242,765,152	-
Food and Nutrition Service	10.535	6,660	-
<i>Child Nutrition Cluster</i>			
School Breakfast Program (SBP)	10.553	11,138,814	242,981
COVID-19 - National School Lunch Program (NSLP)	10.555	4,525,417	1,349,555
National School Lunch Program (NSLP)	10.555	<u>28,434,801</u>	610,769
Total National School Lunch Program (NSLP)		32,960,218	
Special Milk Program for Children (SMP)	10.556	4,731	4,731
Summer Food Service Program for Children (SFSPC)	10.559	<u>7,304,528</u>	2,663,055
Total Child Nutrition Cluster		51,408,291	
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	4,803,445	-
Child and Adult Care Food Program	10.558	16,500,915	15,291,994
State Administrative Expenses for Child Nutrition	10.560	1,217,603	-
<i>Food Distribution Cluster</i>			
Commodity Supplemental Food Program	10.565	181,153	-
Emergency Food Assistance Program (Administrative Costs)	10.568	403,308	-
Emergency Food Assistance Program (Food Commodities)	10.569	<u>3,505,591</u>	-
Total Food Distribution Cluster		4,090,052	
WIC Farmers' Market Nutrition Program (FMCP)	10.572	115,944	-
Farm to School Grant Program	10.575	27,105	-
Senior Farmers' Market Nutrition Program (SFMNP)	10.576	20,730	-
Child Nutrition Discretionary Grants Limited Availability	10.579	115,497	-
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	47,300	-
Fresh Fruit and Vegetable Program	10.582	1,438,161	28,264
Food for Education	10.608	3,753,805	-
Cooperative Forestry Assistance	10.664	98,044	-
Urban and Community Forestry Program	10.675	156,421	-
Forest Stewardship Program	10.678	88,332	-
Forest Health Protection	10.680	<u>72,377</u>	-
Total U.S. Department of Agriculture		<u>328,269,183</u>	<u>20,191,349</u>
<b>U.S. Department of Commerce</b>			
<i>Economic Development Cluster</i>			
Investments for Public Works and Economical Development Facilities	11.300	<u>1,870,816</u>	-
Total Economic Development Cluster		1,870,816	
Interjurisdictional Fisheries Act of 1986	11.407	1,377	-
Coastal Zone Management Administration Awards	11.419	1,243,523	118,141
Unallied Science Program	11.472	362,997	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Commerce (continued)</b>			
Atlantic Coastal Fisheries Cooperative Management Act	11.474	\$ 227,061	\$ -
State and Local Implementation Grant Program	11.549	69,358	-
Manufacturing Extension Partnership DEMEP NIST Grant	11.611	732,608	-
Marine Debris Program	11.999	35,248	15,000
Total U.S. Department of Commerce		<u>4,542,988</u>	<u>133,141</u>
<b>U.S. Department of Defense</b>			
Beach Erosion Control Projects	12.101	164,140	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	27,676	-
Military Construction - National Guard	12.400	23,648,772	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	17,350,291	-
Total U.S. Department of Defense		<u>41,190,879</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>CDBG - Entitlement Grants Cluster</i>			
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 7,153</u>	-
Total CDBG - Entitlement Grants Cluster		7,153	-
Fair Housing Assistance Program State and Local	14.401	122,535	-
Total U.S. Department of Housing and Urban Development		<u>129,688</u>	<u>-</u>
<b>U.S. Department of the Interior</b>			
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	3,573,395	-
Wildlife Restoration and Basic Hunter Education	15.611	<u>2,762,711</u>	166,193
Total Fish and Wildlife Cluster		6,336,106	-
Coastal Wetlands Planning, Protection and Restoration	15.614	388,830	-
Cooperative Endangered Species Conservation Fund	15.615	5,617	-
Landowner Incentive	15.633	26,907	-
State Wildlife Grants	15.634	578,357	-
Endangered Species Conservation Recovery Implementation Funds	15.657	13,704	-
Hurricane Sandy Disaster Relief Activities-FWS	15.677	27,723	-
Historic Preservation Fund Grants-In-Aid	15.904	475,834	42,340
Outdoor Recreation_Acquisition, Development and Planning	15.916	554,639	-
Cultural Resources Management	15.946	20,664	-
Total U.S. Department of the Interior		<u>8,428,381</u>	<u>208,533</u>
<b>U.S. Department of Justice</b>			
Sexual Assault Services Formula Program	16.017	342,605	326,143
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	7,978	-
Supervised Visitation, Safe Havens for Children	16.527	137,201	-
Juvenile Justice and Delinquency Prevention Program	16.540	502,173	377,272
Missing Children's Assistance	16.543	306,441	-
State Justice Statistics Program for Statistical Analysis Centers	16.550	69,913	-
National Criminal History Improvement Program (NCHIP)	16.554	130,743	-
Crime Victim Assistance	16.575	6,770,788	5,909,868
Crime Victim Compensation	16.576	1,156,017	-
Crime Victim Assistance/Discretionary Grants	16.582	33,909	-
Drug Court Discretionary Grant Program	16.585	48,485	-
Violence Against Women Formula Grants	16.588	1,016,969	528,058
Residential Substance Abuse Treatment for State Prisoners	16.593	3,552	-
State Criminal Alien Assistance Program	16.606	13,310	-
Bulletproof Vest Partnership Program	16.607	17,775	-
Project Safe Neighborhoods	16.609	283,670	122,733
Public Safety Partnership and Community Policing Grants	16.710	69,427	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	900,425	272,467
DNA Backlog Reduction Program	16.741	312,102	-
Paul Cloverdell Forensic Sciences Improvement Grant Program	16.742	23,627	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Justice (continued)</b>			
Criminal and Juvenile Justice and Mental Health Collaboration Program (JMHCPC)	16.745	\$ 26,363	\$ 26,363
Harold Rogers Prescription Drug Monitoring Program	16.754	101,403	55,837
Second Chance Act Reentry Initiative	16.812	669,888	125,054
NICS Act Record Improvement Program	16.813	177,552	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	32,060	-
Juvenile Justice Reform and Reinvestment Demonstration Program	16.821	45,115	-
Justice Reinvestment Initiative	16.827	95,513	-
National Sexual Assault Kit Initiative	16.833	492,520	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2,392	-
Equitable Sharing Program	16.922	199,820	-
Total U.S. Department of Justice		13,989,736	7,743,795
<b>U.S. Department of Labor</b>			
Labor Force Statistics	17.002	512,822	-
Compensation and Working Conditions	17.005	83,138	-
<i>Employment Services Cluster</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	\$ 2,434,992	-
Disabled Veterans' Outreach Program (DVOP)	17.801	449,070	-
Total Employment Services Cluster		2,884,062	
COVID-19 - Unemployment Insurance	17.225	5,104,887	-
Unemployment Insurance	17.225	591,671,037	-
Total Unemployment Insurance	17.225	596,775,924	
Senior Community Service Employment Program	17.235	1,541,694	-
Trade Adjustment Assistance	17.245	204,375	-
<i>WIOA Cluster</i>			
WIOA Adult Program	17.258	2,523,930	-
WIOA Youth Activities	17.259	2,185,770	-
WIOA Dislocated Worker Formula Grants	17.278	2,492,201	-
Total WIOA Cluster		7,201,901	
H-1B Job Training Grants	17.268	840,242	-
Work Opportunity Tax Credit Program (WOTC)	17.271	54,731	-
Temporary Labor Certification for Foreign Workers	17.273	56,122	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	270,636	-
Apprenticeship USA Grants	17.285	474,070	-
Consultation Agreements	17.504	467,435	-
Total U.S. Department of Labor		611,367,152	-
<b>U.S. Department of Transportation</b>			
Airport Improvement Program	20.106	147,812	-
Highway Research and Development Program	20.200	33,153	-
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	234,549,343	-
Recreational Trails Program, Revised	20.219	1,896,360	-
Total Highway Planning and Construction Cluster		236,445,703	
<i>FMCSA Cluster</i>			
Motor Carrier Safety Assistance	20.218	1,201,602	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	827,119	-
Total FMCSA Cluster		2,028,721	
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	21,474,513	-
Commercial Driver's License Program Implementation Grant	20.232	113,785	-
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240	151,187	-
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	20.319	2,709,496	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Transportation (continued)</b>			
<i>Federal Transit Cluster</i>			
Federal Transit_Formula Grants	20.507	\$ 20,603,925	\$ -
State of Good Repair Grants Program	20.525	401,857	-
Bus and Bus Facilities Formula Program	20.526	<u>4,960,735</u>	-
Total Federal Transit Cluster		\$ 25,966,517	
Formula Grants for Rural Areas	20.509	2,195,801	-
<i>Transit Services Program Cluster</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	<u>941,107</u>	-
Total Transit Services Program Cluster		941,107	
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	1,953,830	201,784
National Priority Safety Programs	20.616	<u>1,870,699</u>	167,211
Total Highway Safety Cluster		3,824,529	
Alcohol Open Container Requirements	20.607	1,030,539	175,211
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	38,659	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	99,660	24,644
PHMSA Pipeline Safety Program One Call Grant	20.721	8,176	-
National Infrastructure Investments	20.933	8,967,359	-
Total U.S. Department of Transportation		<u>306,176,717</u>	<u>568,850</u>
<b>Department of the Treasury</b>			
[No Name Available]	21.XXX	3,222,724	-
Equitable Sharing	21.016	23,399	-
COVID-19 - Coronavirus Relief Fund	21.019	77,393,239	7,500,000
Total Department of the Treasury		<u>80,639,362</u>	<u>7,500,000</u>
<b>Equal Employment Opportunity Commission</b>			
Employment Discrimination_Title VII of the Civil Rights Act of 1964	30.001	218,939	-
Total Equal Employment Opportunity Commission		<u>218,939</u>	<u>-</u>
<b>National Endowment for the Arts</b>			
COVID-19 - Promotion of the Arts_Partnership Agreements	45.025	250,179	11,100
Promotion of the Arts_Partnership Agreements	45.025	<u>860,304</u>	307,475
Total Promotion of the Arts_Partnership Agreements	45.025	1,110,483	
Total National Endowment for the Arts		<u>1,110,483</u>	<u>318,575</u>
<b>Institute of Museum and Library Services</b>			
Grants to States	45.310	1,087,586	-
Total Institute of Museum and Library Services		<u>1,087,586</u>	<u>-</u>
<b>Small Business Administration</b>			
State Trade Expansion	59.061	216,234	-
Total Small Business Administration		<u>216,234</u>	<u>-</u>
<b>Department of the Veterans Affairs</b>			
Grants to States for Construction of State Home Facilities	64.005	49,282	-
Payment of States for Programs to Promote the Hiring and Retention of Nurses at State Veterans Homes	64.053	(899)	-
Veterans Cemetery Grants Program	64.203	852,916	-
Total Department of Veterans Affairs		<u>901,299</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>			
Air Pollution Control Program Support	66.001	1,247,635	-
State Indoor Radon Grants	66.032	116,991	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Environmental Protection Agency (continued)</b>			
Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities			
Relating to the Clean Air Act	66.034	\$ 150,560	\$ -
State Clean Diesel Grant Program	66.040	398,240	-
Multipurpose Grants to States and Tribes	66.204	94,442	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	1,643,681	235,286
State Public Water System Supervision	66.432	588,203	-
State Underground Water Source Protection	66.433	50,526	-
Water Quality Management Planning	66.454	94,496	-
<i>Clean Water State Revolving Fund Cluster</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 7,779,000	-
Total Clean Water State Revolving Fund Cluster		7,779,000	
Nonpoint Source Implementation Grants	66.460	1,082,017	474,363
Regional Wetland Program Development Grants	66.461	283,843	3,821
Chesapeake Bay Program	66.466	2,350,182	1,331,915
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	9,350,894	345,583
Total Drinking Water State Revolving Fund Cluster		9,350,894	
Beach Monitoring and Notification Program Implementation Grants	66.472	209,945	127,947
Performance Partnership Grants	66.605	524,878	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	122,622	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	271,497	-
Hazardous Waste Management State Program Support	66.801	602,108	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	80,632	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	300,606	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	1,014,525	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	132,100	-
State and Tribal Response Program Grants	66.817	537,538	-
Total U.S. Environmental Protection Agency		<u>29,027,161</u>	<u>2,518,915</u>
<b>U.S. Department of Engineering</b>			
State Energy Program	81.041	166,892	66,352
Weatherization Assistance for Low-Income Persons	81.042	709,494	683,560
Total U.S. Department of Engineering		<u>876,386</u>	<u>749,912</u>
<b>U.S. Department of Education</b>			
Adult Education - Basic Grants to States	84.002	1,673,352	232,318
<i>Student Financial Assistance Programs Cluster</i>			
Federal Supplemental Educational Opportunity Grants	84.007	523,892	-
Federal Work-Study Program	84.033	324,771	-
Federal Pell Grant Program	84.063	22,033,008	-
Federal Direct Student Loans	84.268	10,358,203	-
Total Student Financial Assistance Programs Cluster		33,239,874	
Title I Grants to Local Educational Agencies	84.010	44,638,186	-
Migrant Education_State Grant Program	84.011	216,173	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	470,199	-
<i>Special Education Cluster (IDEA)</i>			
Special Education_Grants to States (IDEA, Part B)	84.027	32,578,544	15,000
Special Education_Preschool Grants (IDEA Preschool)	84.173	1,378,678	-
Total Special Education Cluster (IDEA)		33,957,222	
<i>TRIO Cluster</i>			
TRIO_Talent Search	84.044	343,588	-
TRIO_Upward Bound	84.047	1,630,550	-
Total TRIO Cluster		1,974,138	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Education (continued)</b>			
Career and Technical Education - Basic Grants to States	84.048	\$ 4,505,730	\$ -
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	11,198,396	-
Migrant Education Coordination Program	84.144	129,073	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	171,033	-
Special Education-Grants for Infants and Families	84.181	1,859,865	-
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184	263,305	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	137,328	-
Education for Homeless Children and Youth	84.196	298,829	-
Charter Schools	84.282	766	-
Twenty-First Century Community Learning Centers	84.287	4,395,513	1,143,700
Special Education - State Personnel Development	84.323	732,664	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	46,085	-
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	101,741	-
English Language Acquisition State Grants	84.365	997,793	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	9,221,047	-
Grants for State Assessments and Related Activities	84.369	4,284,664	-
School Improvement Grants	84.377	404,777	-
Student Support and Academic Enrichment Program	84.424	4,008,225	-
COVID-19 - Education Stabilization Fund	84.425	923,491	-
Total U.S. Department of Education		<u>159,849,469</u>	<u>1,391,018</u>
<b>U.S. Election Assistance Commission</b>			
COVID-19 - HAVA Election Security Grants	90.404	\$ 579,688	-
HAVA Election Security Grants	90.404	865,100	-
Total HAVA Election Security Grants	90.404	<u>1,444,788</u>	<u>-</u>
Total U.S. Election Assistance Commission		<u>1,444,788</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>			
Special Programs for the Aging_Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	41,626	-
COVID-19 - Special Programs for the Aging_Title VII, Chapter 2_Long-Term Care Ombudsman Services for Older Individuals	93.042	100,000	-
Special Programs for the Aging_Title VII, Chapter 2_Long-Term Care Ombudsman Services for Older Individuals	93.042	<u>58,013</u>	-
Total Special Programs for the Aging_Title VII, Chapter 2_Long-Term Care Ombudsman Services for Older Individuals	93.042	158,013	-
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	154,500	-
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	504,952	-
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	<u>2,248,193</u>	-
Total Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2,753,145	-
COVID-19 - Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1,081,130	-
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	<u>1,648,539</u>	-
Total Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2,729,669	-
Nutrition Services Incentive Program	93.053	<u>240,461</u>	-
Total Aging Cluster		5,723,275	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
Special Programs for the Aging_ Title IV_ and Title II_ Discretionary Projects	93.048	\$ 215,634	\$ -
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	\$ 151,383	-
National Family Caregiver Support, Title III, Part E	93.052	<u>990,964</u>	-
Total National Family Caregiver Support, Title III, Part E	93.052	1,142,347	-
Public Health Emergency Preparedness	93.069	3,388,925	-
Medical Enrollment Assistance Program	93.071	64,477	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements	93.074	1,411,047	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	82,425	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	217,044	-
Serious Emotional Disturbances (SED)	93.104	340,716	-
Maternal and Child Health Federal Consolidated Programs	93.110	632,297	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	215,692	-
Emergency Medical Services for Children	93.127	136,910	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	160,739	-
Community Programs to Improve Minority Health Grant Program	93.137	508,057	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	121,937	-
Grants To States for Loan Repayment Program	93.165	185,252	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	228,984	-
Family Planning_Services	93.217	1,546,030	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	7,312,349	1,557,970
Universal Newborn Hearing Screening	93.251	149,616	-
Immunization Cooperative Agreements	93.268	13,042,867	-
Viral Hepatitis Prevention and Control	93.270	133,243	-
National State Based Tobacco Control Programs	93.305	712,526	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	155,504	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	575,790	-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	<u>1,366,126</u>	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	1,941,916	-
State Health Insurance Assistance Program	93.324	189,395	391
Behavioral Risk Factor Surveillance System	93.336	158,465	-
1332 State Innovation Waivers	93.423	22,456	-
COVID-19 - Public Health Crisis Response Award	93.354	726,226	-
Public Health Crisis Response Award	93.354	<u>1,011,327</u>	-
Total Public Health Crisis Response Award	93.354	1,737,553	-
ACL Independent Living State Grants	93.369	205,194	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	2,197,659	-
Every Student Succeeds Act/Preschool Development Grants	93.434	3,177,027	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478	67,144	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	63,531	-
Promoting Safe and Stable Families	93.556	1,066,484	-
Temporary Assistance for Needy Families	93.558	30,331,190	-
Child Support Enforcement	93.563	18,539,364	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
Refugee and Entrant Assistance_State/Replacement Designee Administered Programs	93.566	\$ 61,623	\$ -
Low-Income Home Energy Assistance	93.568	12,471,607	12,166,735
Community Services Block Grant	93.569	3,585,110	9,069
<i>CCDF Cluster</i>			
COVID-19 - Child Care and Development Block Grant	93.575	\$ 7,208,491	-
Child Care and Development Block Grant	93.575	<u>18,843,593</u>	-
Total Child Care and Development Block Grant	93.575	26,052,084	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>8,716,024</u>	-
Total CCDF Cluster		34,768,108	-
State Court Improvement Program	93.586	287,558	-
Community-Based Child Abuse Prevention Grants	93.590	30,645	-
Grants to States for Access and Visitation Programs	93.597	93,654	-
Chafee Education and Training Vouchers Program (ETV)	93.599	75,935	-
Head Start Cluster	93.600	2,525,281	1,588,798
Adoption and Legal Guardianship Incentive Payments	93.603	232,480	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630	380,781	141,206
Children's Justice Grants to States	93.643	58,819	-
Adult Medicaid Quality: Improving Maternal and Infant Health Outcomes in Medicaid and CHIP	93.644	85,000	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	753,661	-
Foster Care_Title IV-E	93.658	1,883,596	-
Adoption Assistance	93.659	2,882,044	-
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664	314,194	-
Social Services Block Grant	93.667	4,758,539	-
Child Abuse and Neglect State Grants	93.669	195,305	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	804,598	729,817
Chafee Foster Care Independence Program	93.674	484,265	-
State Public Health Approaches for Ensuring QUILTINE Capacity Funded in part by Prevention and Public Health Funds (PPHF)	93.735	43,766	-
Elder Abuse Prevention Interventions Program	93.747	65,845	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	321,116	-
Alzheimer's Disease Initiative: Specialized Supportive Services Project (ADI-SSS) thru Prevention and Public Health Funds (PPHF)	93.763	164,325	-
Children's Health Insurance Program	93.767	35,147,684	-
<i>Medicaid Cluster</i>			
State Medicaid Fraud Control Units	93.775	1,673,790	-
State Survey and Certification of Health Care Providers and Suppliers	93.777	2,159,964	-
Medical Assistance Program	93.778	<u>1,650,549,373</u>	1,750
Total Medicaid Cluster		1,654,383,127	-
Opioid STR	93.788	19,012,771	2,138,036
Organized Approaches to Increase Colorectal Cancer Screening	93.800	1,182,451	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	413,229	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	2,695,294	-
National Bioterrorism Hospital Preparedness Program	93.889	473,977	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1,746,596	-
Foster Grandparent Program	93.912	104,186	-
Grants to States for Operation of State Offices of Rural Health	93.913	158,018	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
HIV Care Formula Grants	93.917	\$ 5,323,606	\$ -
Healthy Start Initiative	93.926	9,396	-
HIV Prevention Activities_Health Department Based	93.940	1,414,415	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	326,879	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	374,738	-
Block Grants for Community Mental Health Services	93.958	1,539,747	392,550
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7,154,909	1,063,747
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	338,177	-
Maternal and Child Health Services Block Grant to the States	93.994	1,979,869	-
Total U.S. Department of Health and Human Services		<u>1,898,986,334</u>	<u>19,790,069</u>
<b>Corporation for National and Community Service</b>			
State Commissions	94.003	264,835	-
AmeriCorps	94.006	744,071	584,133
Training and Technical Assistance	94.009	209,472	-
<i>Foster Grandparent/Senior Companion Cluster</i>			
Foster Grandparent Program	94.011	<u>\$ 367,378</u>	-
Total Foster Grandparent/Senior Companion Cluster		<u>367,378</u>	-
Total Corporation for National and Community Service		<u>1,585,756</u>	<u>584,133</u>
<b>Executive Office of the President</b>			
High Intensity Drug Trafficking Program	95.001	192,274	-
Total Executive Office of the President		<u>192,274</u>	<u>-</u>
<b>Social Security Administration</b>			
<i>Disability Insurance/SSI Cluster</i>			
Social Security_Disability Insurance	96.001	<u>5,915,154</u>	-
Total Disability Insurance/SSI Cluster		<u>5,915,154</u>	-
Total Social Security Administration		<u>5,915,154</u>	<u>-</u>
<b>U.S. Department Homeland Security</b>			
Non-Profit Security Program	97.008	181,645	181,645
Boating Safety Financial Assistance	97.012	913,998	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	89,386	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	94,880	-
Hazard Mitigation Grant	97.039	28,688	17,196
National Dam Safety Program	97.041	60,680	41,454
Emergency Management Performance Grants	97.042	2,769,793	942,558
Assistance to Firefighters Grant	97.044	181,839	-
Cooperating Technical Partners	97.045	113,695	26,239
Pre-Disaster Mitigation	97.047	71,579	71,579
Port Security Grant Program	97.056	345,831	-
Homeland Security Grant Program	97.067	3,677,277	299,589
Total U.S. Department Homeland Security		<u>8,529,291</u>	<u>1,580,260</u>
<i>Research and Development Cluster</i>			
<b>U.S. Department of Commerce</b>			
Coastal Zone Management Estuarine Research	11.420	523,852	-
<b>National Science Foundation</b>			
Integrative Activities	47.083	133,123	-
<b>U.S. Department of Energy</b>			
Conservation Research and Development	81.086	304	-
<b>U.S. Department of Health and Human Services</b>			
Food and Drug Administration_Research	93.103	324,622	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	3,735,548	-
Pharmacology, Physiology, and Biological Chemistry Research	93.859	338,785	-
Total Research and Development Cluster		<u>5,056,233</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 3,509,731,473</u>	<u>\$ 63,278,550</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

**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 the State of Delaware (State) under programs of the federal government for the year ended June 30, 2020. 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), with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Because the SEFA presents operations of the State, 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'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 has elected not to use the 10-percent 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, 2020 totaled \$33,239,874. This amount is included on the SEFA (CFDA # 84.007, 84.033, 84.063, 84.268).

The College is responsible only for the performance of certain administrative 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  
YEAR ENDED JUNE 30, 2020**

**NOTE 3 REVOLVING LOAN FUNDS**

The Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are revolving loan funds. Federally 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, 2020:

	CFDA Number	Amounts Outstanding
Clean Water State Revolving Fund	66.458	\$ 231,090,962
Drinking Water State Revolving Fund	66.468	95,734,829
Total		<u>\$ 326,825,791</u>

The amounts shown as outstanding for CFDA 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. The claim payments included in the SEFA at June 30, 2020 were \$596,775,924.

**NOTE 5 NONCASH ASSISTANCE**

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

	CFDA Number	Amounts
Supplemental Nutrition Assistance Program (EBT Payments)	10.551	\$ 226,910,614
Emergency Food Assistance Program (Commodities)	10.569	3,505,591
Food for Education (Commodities)	10.608	3,753,805
Immunization Grants (Vaccines)	93.268	13,042,867

**NOTE 6 SUBRECIPIENTS**

The amount of expenditures paid to subrecipients was \$63,278,550 for the year ended June 30, 2020.

**STATE OF DELAWARE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 7 RESEARCH AND DEVELOPMENT**

The total direct amount expended for Research and Development was \$5,056,233 for the year ended June 30, 2020.

**NOTE 8 DISASTER GRANTS – PUBLIC ASSISTANCE (CFDA 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, 2020, \$0 of approved eligible expenditures that were incurred 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 2020, the state received cash rebates from infant formula manufacturers in the amount of \$5,785,392 on sales of formula to participants in the WIC program (CFDA 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 DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)**

The State is the recipient of federally donated PPE. The fair market value of the PPE at the time of receipt was \$424,564.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

- |  |                       |                                 |
|--|-----------------------|---------------------------------|
| 1. Type of auditors’ report issued:                      | Unmodified            |                                 |
| 2. Internal control over financial reporting:            |                       |                                 |
| • Material weakness(es) identified?                      | <u>    x    </u> yes  | <u>          </u> no            |
| • Significant deficiency(ies) identified?                | <u>    x    </u> yes  | <u>          </u> none reported |
| 3. Noncompliance material to financial statements noted? | <u>          </u> yes | <u>    x    </u> no             |

***Federal Awards***

- |   |                      |                                 |
|---|----------------------|---------------------------------|
| 1. Internal control over major federal programs:  |                      |                                 |
| • Material weakness(es) identified?   | <u>    x    </u> yes | <u>          </u> no            |
| • Significant deficiency(ies) identified?   | <u>    x    </u> yes | <u>          </u> 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)? | <u>    x    </u> yes | <u>          </u> no            |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 10,529,194

Auditee qualified as low-risk auditee?            yes     x     no



**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

***Identification of Major Federal Programs***

Major Programs	CFDA #	Opinion
Child and Adult Care Food Program	10.558	Unmodified
Military Construction - National Guard	12.400	Unmodified
Unemployment Insurance	17.225	Qualified
Highway Planning and Construction Cluster	20.205, 20.219	Unmodified
Federal Transit Cluster	20.507, 20.525 20.526	Unmodified
Coronavirus Relief Fund	21.019	Unmodified
Capitalization Grants for Clean Water State Revolving Funds	66.458	Unmodified
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Unmodified
Special Education Cluster	84.027, 84.173	Unmodified
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Unmodified
Children's Health Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Opioid State Targeted Response	93.788	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Qualified

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings***

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**Material Weakness**

**Finding 2020-001 – Unemployment Fund – Audit Adjustments**

**Condition:**

We discovered material misstatements which required adjustment and were identified after the records were provided for audit. These included entries related to various accounts including intergovernmental receivables, claims payable, due to other governments and federal grants revenue.

**Criteria:**

COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out.” Management review controls are defined as, “the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed, and is an integral part of any internal control structure.”

**Context:**

The COVID-19 pandemic caused an increased volume of claims to be accrued for at year end and related receivables. Management did not consider this increased volume of unprocessed claims at year end when calculating the claims payable amount. Additionally, audit adjustments were required to properly state various account balances.

**Effect:**

Certain adjustments were required to be made to the accounting records subsequent to the start of the audit process.

**Cause:**

This was primarily due to significantly higher claims volume during 2020 than normal. The COVID-19 pandemic caused this increased volume of claims to be accrued for at year end and related receivables and hindered completion and review in a timely manner. Management did not consider the increased volume of unprocessed claims at year end when calculating the claims payable amount. In addition, the review of account reconciliations did not identify adjustments that were needed to properly state various account balances.

**Recommendation:**

We recommend that the Department of Labor establish policies and procedures for their year-end close and the 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.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings (Continued)***

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**Material Weakness (Continued)**

**Finding 2020-001 – Unemployment Fund – Audit Adjustments (Continued)**

**Management Response:**

Management concurs with the finding. For many years, the Department of Labor (DOL) annually engaged an actuary to calculate the liability for unprocessed claims at year-end. Since the discontinuance of this actuarial study, DOL has not formalized a process to complete this calculation in-house due in large part to the separation of the claim records from the accounting functions. For the past several years, this calculation has been completed based on claims paid subsequent to year end. The COVID-19 pandemic resulted in significantly higher claims with unresolved claims continuing for months. Since the accounting team does not have access to the claim records, there was no accrual for the unresolved claims. DOL is evaluating the need to reengage the actuary to provide the claims liability or determine an in-house method to accurately record this liability.

**Significant Deficiency**

**Finding 2020-002 – Unemployment Insurance Cash**

**Condition:**

In the reporting of cash and cash equivalents, the Department of Labor’s (DOL) reconciled book balance on the bank reconciliation did not agree to the balance recorded in the general ledger.

**Criteria:**

COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out.” Management review controls are defined as, “the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed, and is an integral part of any internal control structure.”

**Context:**

The variance in the amount of \$113,466 was not noted during DOL’s reconciliation process.

**Effect:**

The financial statements contain an immaterial overstatement statement of cash and cash equivalents and the State passed on making the proposed audit adjustment.

**Cause:**

The DOL was informed of a similar variance during the 2019 audit. The DOL’s internal controls over the bank reconciliation and financial reporting processes failed to remedy the deficiency communicated to them in the prior year. Additionally, DOL failed to identify that the variance between the reconciled book balance and general ledger was an error requiring correction during their reviews of bank reconciliations during 2020.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings (Continued)***

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**Significant Deficiency (Continued)**

**Finding 2020-002 – Unemployment Insurance Cash (Continued)**

**Recommendation:**

We recommend that policies and procedures be improved to ensure that internal controls over the bank reconciliation and financial reporting processes are thorough and performed by personnel with proper experience in order to identify and correct errors and misstatements.

**Management Response:**

Management concurs with the finding. As a result of significant turnover and the increased workload caused by the COVID-19 pandemic, DOL employees did not have the time or expertise to investigate unreconciled differences. DOL has since hired additional employees and is currently recruiting additional accountants and providing training to new and existing employees on proper reconciliation procedures and investigation of unreconciled differences. DOL management will provide oversight to ensure reconciliations are accurately completed with all unreconciled differences resolved each month.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
MATRIX OF FINDINGS BY FEDERAL AGENCY AND FEDERAL PROGRAM  
YEAR ENDED JUNE 30, 2020**

***Section III – Findings and Questioned Costs – Major Federal Programs***

**Matrix of Findings by Federal Agency and Federal Program**

Major Federal Program	Federal Agency (Prefix)	CFDA #	Finding #	Internal Control		Compliance
				Material Weakness	Significant Deficiency	
Medicaid Cluster; Children's Health Insurance Program	U.S HHS (93)	93.775, 93.777, 93.778 93.767	2020-003	X		X
Medicaid Cluster	U.S HHS (93)	93.775, 93.777, 93.778	2020-004	X		X
Block Grants for Prevention and Treatment of Substance Abuse	U.S HHS (93)	93.959	2020-005	X		X
Opioid State Targeted Response	U.S HHS (93)	93.788	2020-006	X		X
Opioid State Targeted Response	U.S HHS (93)	93.788	2020-007		X	X
Opioid State Targeted Response	U.S HHS (93)	93.788	2020-008		X	X
Medicaid Cluster	U.S HHS (93)	93.775, 93.777, 93.778	2020-009		X	X
Children's Health Insurance Program	U.S HHS (93)	93.767	2020-010		X	X
Vocational Rehabilitation	U.S DOE (84)	84.126	2020-011		X	X
Child and Adult Care Food Program	U.S.D.A. (10)	10.558	2020-012		X	
Special Education Cluster (IDEA)	U.S DOE (84)	84.027, 84.173	2020-013		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-014		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-015		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-016	X		X

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-003  
**Prior Year Finding:** 2019-002  
**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, and Children's Health Insurance Program  
**CFDA Number:** 93.775, 93.777, 93.778 and 93.767  
**Award Number and Year:** 1905DE5MAP (10/1/2018 – 9/30/2019); 2005DE5MAP (10/1/2019 – 9/30/2020)  
1905DE5021 (10/1/2018 – 12/31/2020); 2005DE5021 (10/1/2019 – 12/31/2020)  
**Compliance Requirement:** Special Tests – Provider Eligibility  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance (Qualified Opinion)

**Criteria or specific requirement:**

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 be in compliance 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).

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 44 7.1 O; 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.

**Condition:**

The 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 33 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.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Context (Continued):**

- For 29 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.

**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 is 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:**

The Division of Medicaid and Medical Assistance (DMMA) continues to work with its fiscal agent, Gainwell Technologies, formerly DXC Technologies, to bring ourselves into compliance with all federal provider eligibility regulations for both new and revalidated providers. DMMA has engaged Gainwell Technologies to continue the process of revalidating all providers and facilitating compliance with 42 CFR 455, subparts B and E. This process includes Interfacing with all required federal databases for verification of both newly enrolling and currently active providers. Additionally, Gainwell Technologies has automated the process of capturing and recording sanctions. The reports are generated monthly for DMMA to review. This review will result in terminating providers that fail eligibility requirements. We anticipate the improvements will bring full compliance with 42 CFR 455, subparts B and E.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-004  
**Prior Year Finding:** 2019-003  
**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:** Medicaid Cluster  
**CFDA Number:** 93.775, 93.777, 93.778  
**Award Number and Year:** 1905DE5MAP (10/1/2018 – 9/30/2019); 2005DE5MAP (10/2/2019 – 9/30/2020)  
**Compliance Requirement:** Special Tests – Provider Health and Safety Standards  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance (Qualified Opinion)

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: In order to receive Medicaid payments, hospitals, nursing facilities and ICF/IID providers must meet the prescribed health and safety standards in accordance with 42 CFR part 442. The standards may be modified in the State Plan.

**Condition:**

The Division is not in compliance with federal regulations relating to provider health and safety standards.

**Context:**

For twenty nine of sixty providers, no documentation was provided to support the provider meeting health and safety standards.

**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 ensure that required providers met the prescribed health and safety standards. Supervisory review failed to detect the errors.

**Effect:**

The Division is unable to support providers’ compliance with health and safety standards which may result in unallowed costs.



**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Recommendation:**

The Division should enhance its procedures and controls over monitoring provider health and safety standards to ensure that Medicaid services are provided in facilities that meet all requirements. Supporting documentation should be properly maintained and reviews should be performed by the Division in a timely manner.

**Views of responsible officials:**

DMMA is continuing to work with our Fiscal Agent, Gainwell Technologies, to ensure more effective controls are in place for continued monitoring that all health and safety standards are met by all qualified providers. Improving PECOS [Provider, Enrollment, Chain and Ownership System] checks, increasing support, improving documentation storage are part of the deliverables for implementation of 21<sup>st</sup> Century CURES Act project currently in progress. In addition, DMMA is focused on a process that supports provider reviews being conducted in a timely fashion.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-005  
**Prior Year Finding:** 2018-013  
**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 Prevention and Treatment of Substance Abuse  
**CFDA Number:** 93.959  
**Award Number and Year:** 2B08TI010009-18 (10/1/2017 – 9/30/2019); 2B08TI010009-19  
(10/1/2018 – 9/30/2020)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance (Qualified Opinion)

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: 2 CFR 200.331 Requirements for pass-through entities states, in part, that all pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following 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. Required information includes:
- (1) Federal Award Identification.
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date (see § 200.39 Federal award date) of award to the recipient by the Federal agency;
    - (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
    - (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
  - (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
    - (1) The subrecipient's prior experience with the same or similar subawards;

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
  - (3) Whether the subrecipient has new personnel or new or substantially changed systems;
  - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
- (1) Reviewing financial and performance reports required by the pass-through entity.
  - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
  - (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters; and
  - (2) Performing on-site reviews of the subrecipient's program operations;
  - (3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.
- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

**Condition:**

The Division did not furnish pertinent information to five of its subrecipients at the time of the subaward. Required missing elements included the Federal Award Identification Number (FAIN) for five of the subrecipients and the Catalog of Federal Domestic Assistance (CFDA) number and name for one of the subrecipients. In addition, for one of the subrecipients, the Data Universal Numbering System (DUNS) number was not obtained.

The Division was unable to provide support for the on-site monitoring of one subrecipient. On-site monitoring of this subrecipient was required per Division policies and procedures.

Last, the Division was unable to provide support that it ensured four of its subrecipients were audited as required by Subpart F – Audit Requirements. The Division could not produce evidence of verification that the subrecipient's Federal awards expended during the fiscal year were below the threshold set forth in § 200.501 Audit requirements.

**Context:**

Exceptions were noted in five of five subrecipients selected for testing.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Questioned Costs:**

Undetermined.

**Cause:**

The Division did not establish effective internal controls over subrecipient monitoring.

**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 Single Audit Act and Uniform Guidance.

Not conducting site visits and/or maintaining proper site visit documentation may result in failure to detect use of the subaward for unauthorized purposes or in violation of the terms and conditions of the subaward.

Without ensuring subrecipients have obtained audits as required by Subpart F- Audit requirements, there is an increased risk that subrecipients could be mispending and/or inappropriately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by agency personnel on a timely basis as required.

**Recommendation:**

The Division should review policies and procedures to ensure adequate information is provided at the time of the subaward, proper subrecipient monitoring is being conducted, and evaluation of independent audits is being performed.

**Views of responsible officials:**

The Division has been updating our Policies and Procedures relating to subrecipient monitoring. The updated policy states the Division performs audits at least annually for all subrecipients and reviews independent audit reports completed by third party auditors.

The Division intends to fully comply with 2 CFR section 200.303(a), acknowledging the Division must establish and maintain effective internal control over the Federal award and provide 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.

The Division will monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-006  
**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 State Targeted Response  
**CFDA Number:** 93.788  
**Award Number and Year:** H79TI081735 (9/30/2018 – 9/29/2020)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance (Qualified Opinion)

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: 2 CFR 200.331 Requirements for pass-through entities states, in part, that all pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following 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. Required information includes:
  - (1) Federal Award Identification.
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date (see § 200.39 Federal award date) of award to the recipient by the Federal agency;
    - (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
    - (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
  - (1) The subrecipient's prior experience with the same or similar subawards;
  - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

- (3) Whether the subrecipient has new personnel or new or substantially changed systems;
  - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
- (1) Reviewing financial and performance reports required by the pass-through entity.
  - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
  - (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters; and
  - (2) Performing on-site reviews of the subrecipient's program operations;
  - (3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.
- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

**Condition:**

The Division did not furnish the Federal Award Identification Number (FAIN) to four of its subrecipients at the time of the subaward.

The Division was unable to provide support for during the award monitoring of four subrecipients.

**Context:**

Exceptions were noted in six of seven subrecipients selected for testing.

**Questioned Costs:**

Undetermined.

**Cause:**

The Division did not establish effective internal controls over subrecipient monitoring.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**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 Single Audit Act and Uniform Guidance.

Not conducting during the award monitoring procedures may result in failure to detect use of the subaward for unauthorized purposes or in violation of the terms and conditions of the subaward.

**Recommendation:**

The Division should review policies and procedures to ensure adequate information is provided at the time of the subaward and proper subrecipient monitoring is being conducted.

**Views of responsible officials:**

The Division is updating our Policies and Procedures relating to subrecipient monitoring. The updated policy will state the Division performs audits at least annually for all subrecipients and reviews independent audit reports completed by third party auditors.

The Division intends to fully comply with 2 CFR section 200.303(a), acknowledging the Division must establish and maintain effective internal control over the Federal award and provide 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.

The Division will monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-007  
**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 State Targeted Response  
**CFDA Number:** 93.788  
**Award Number and Year:** H79TI081735 (9/30/2018 – 9/29/2020)  
**Compliance Requirement:** Procurement  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

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.



**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

- (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;
  - (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.

**Condition:**

The Division was unable to provide any documentation to support compliance with the required state procurement processes for professional services contracts.

**Context:**

Two out of eight procurements were not documented in accordance with federal and state requirements.

**Questioned costs:**

Questioned costs were determined as \$480,144 which represent the total amount of payments made by the Division to the two vendors during FY20.

**Cause:**

The Division did not establish effective internal controls over procurement transactions.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Effect:**

The Division is not in compliance with state procurement laws as required by federal regulations.

**Recommendation:**

The Division should review policies and procedures to ensure services are procured in accordance with federal and state requirements.

**Views of responsible officials:**

The Division intends to fully comply with 2 CFR section 200.303(a), acknowledging the Division must establish and maintain effective internal control over the Federal award and provide 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.

The Division further intends to update policies and procedures to document compliance with required state procurement processes for professional services; and ensure the regulations set forth in Del C. Chapter 69, and those by the Contracting and Purchasing Advisory Council, are complied with in full.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-008  
**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 State Targeted Response  
**CFDA Number:** 93.788  
**Award Number and Year:** H79TI081735 (9/30/2018 – 9/29/2020)  
**Compliance Requirement:** Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: 2 CFR 200.213 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

**Condition:**

The Division did not determine the suspension and debarment status on a vendor with expenditures exceeding \$25,000 as required by federal regulations.

**Context:**

The suspension and debarment status for one out of eight vendors was not documented.

**Questioned costs:**

There are no questioned costs related to this finding as the vendor was not federally suspended or debarred.

**Cause:**

The Division did not establish effective internal controls over suspension and debarment transactions.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Effect:**

The Division is not in compliance with federal suspension and debarment regulations.

**Recommendation:**

The Division should ensure policies and procedures reiterate the three options for determining suspension and debarment status listed in 2 CFR 180.300.

**Views of responsible officials:**

The Division will update policies and procedures for determining suspension and debarment status as listed in 2 CFR 180.300.

The Division will establish and maintain effective internal control over Federal awards and provide assurance that the management of the Federal award is in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The Division will restrict awards, subawards, and contracts with all parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The determination will be assured by:

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

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-009  
**Prior Year Finding:** 2019-005  
**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  
**CFDA Number:** 93.775, 93.777, 93.778  
**Award Number and Year:** 1905DE5MAP (10/1/2018 – 9/30/2019); 2005DE5MAP (10/1/2019 – 9/30/2020)  
**Compliance Requirement:** Eligibility  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: Per 42 CFR section 431.10, the State Medicaid agency or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan. Title 16 Health and Safety Delaware Administrative Code, Section 14100.6 Redetermination of Eligibility states that eligibility for continued Medicaid coverage must be redetermined at least annually.

**Condition:**

An eligibility determination was not performed in accordance with federal requirements and the State plan.

**Context:**

In one of sixty cases, the eligibility redetermination was not conducted within the twelve month required time frame.

**Questioned costs:**

None. The participant was subsequently determined to be eligible.

**Cause:**

Supervisory review failed to determine eligibility in a timely manner.

**Effect:**

Lack of timely redeterminations could result in ineligible participants receiving benefits.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Recommendation:**

The Division should reevaluate its current process and perform additional training related to redeterminations. More thorough reviews and supervision should be placed around the redetermination process.

**Views of responsible officials:**

DMMA continues to work on resolving this issue. DMMA will dedicate additional resources to assist in the role of performing redeterminations. As part of the plan to regularly redetermine Medicaid eligibility, DMMA had requested a modification to Assist Worker Web (the Division's eligibility system). This Change Request was scheduled for implementation during calendar year 2020. However, the public health emergency (PHE) relating to COVID-19 resulted in delays.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-010  
**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 Medicaid and Medical Assistance  
**Federal Program:** Children's Health Insurance Program  
**CFDA Number:** 93.767  
**Award Number and Year:** 1905DE5021 (10/1/2018 – 12/31/2020); 2005DE5021 (10/1/2019 – 12/31/2020)  
**Compliance Requirement:** Reporting – CMS-21 Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: Per 42 CFR section 457.630, (c) Expenditure reports. (1) The State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) and Form CMS-21 (Quarterly Children's Health Insurance Program Statement of Expenditures for title XXI), to central office (with a copy to the regional office) not later than 30 days after the end of the quarter. (2) This report is the State's accounting of actual recorded expenditures. This disposition of Federal funds may not be reported on the basis of estimates.

**Condition:**

Errors were noted online items 1B "Premiums Up To 150% Of Poverty Level – Cost Sharing Offsets" and 1D "Premiums Over 150% Of Poverty Level – Cost Sharing Offsets". Amounts reported were \$133,186 and \$281,638, respectively. However, supporting documentation disclosed amounts of \$130,617 and \$276,207, respectively, resulting in overreporting of \$8,000.

**Context:**

One of the two quarterly CMS-21 reports selected for testing contained errors as identified above.

**Questioned Costs:**

Questioned costs in the amount of \$8,000 were determined which represents the total amount of overreporting.

**Cause:**

Supervisory review failed to detect the errors.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Effect:**

The CMS 21 Quarterly Report was incorrect and may affect future program funding.

**Recommendation:**

The Division should enhance its procedures over preparation of the quarterly financial report to ensure that the report reconciles to First State Financial accounting system and any other underlying documentation used for its preparation. The procedures should also include a review process by an employee other than the preparer to ensure the report is accurate as well as prevent and/or detect errors and irregularities.

**Views of responsible officials:**

DMMA will do a Prior Period Adjustment (PPA) in the next reporting quarter to correct the error.

Additionally, DMMA has added an additional level to the review process of the CMS-21 reporting. DMMA will work to monitor data entry and required reviews to validate the entries on the Federal Report.



**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-011  
**Prior Year Finding:** 2019-001  
**Federal Agency:** U.S. Department of Education  
**State Department Name:** Department of Health and Social Services and Department of Labor  
**State Division Name:** Division of the Visually Impaired  
**Federal Program:** Rehabilitation Services Vocational Rehabilitation Grants to States  
**CFDA Number:** 84.126  
**Award Number and Year:** H126A180010 (10/1/2018 – 9/30/2020); H126A180011 (10/2/2019 – 9/30/2021)  
**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:**

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 be in compliance 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).

Compliance: 2 CFR 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; and(vi) [Reserved](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.

**Condition:**

Time and effort certifications were not documented in accordance with federal requirements. The Department/Division was unable to provide adequate support to validate actual payroll expenses charged to the federal program.

**Context:**

Eight of sixty time and effort certifications were not documented in accordance with federal requirements.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Questioned Costs:**

Undetermined.

**Cause:**

Controls were not in place to ensure that time and effort reporting was performed in accordance with federal requirements.

**Effect:**

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

**Recommendation:**

The Department/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.

**Views of responsible officials:**

Department of Health and Social Services - DVI has reinstated the completion of semi-annual attestations in 2020. DVI is currently working on internal controls and a process to make sure attestations are completed by all VR employees, and to ensure attestations are signed upon separation of employment with DVI.

Department of Labor – The Division of the Visually Impaired is in process of examining its internal controls pertaining to time and effort reporting to ensure that salary and wage charges accurately reflect the work performed. Additional training is being provided regarding time and effort reporting to assure that each employee record reflects 100% of total activity and that those records are accurate, allowable, and properly allocated. DVI has reinstated processes to aid in the completion of semi-annual attestations started in 2020. These processes to include internal controls to ensure that all attestations are complete and signed by all employees charged to grant funding and that those leaving the division have completed and signed attestations on record prior to separation.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-012  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Agriculture  
**State Department Name:** Department of Education  
**Federal Program:** Child and Adult Care Food Program  
**CFDA Number:** 10.558  
**Award Number and Year:** 2019IDE300301 (10/1/2018 – 9/30/2019); 2020IDE300301 (10/1/2019 – 9/30/2020)  
**Compliance Requirement:** Eligibility  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:**

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 be in compliance 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’s controls failed to detect an error in the process used to determine a center’s eligibility to receive Child and Adult Care Food Program (CACFP) funding. Per 7 CFR Section 226.17a(i)(1), “an at-risk afterschool care center is in an eligible area if it is located in the attendance area of a school in which at least 50% of the enrolled children are certified eligible for free or reduced-price school meals”. The school used for qualification purposes had an at-risk population of only 35.9% and the center was still deemed eligible. Ultimately the center was eligible as another school in the area met the 50% requirement. However, controls failed as the qualification based on an ineligible school was not detected.

**Context:**

Exception noted in one of forty centers selected for testing.

**Questioned Costs:**

None.

**Cause:**

The Department did not establish effective internal controls over eligibility determinations.

**Effect:**

Ineligible centers could go undetected and federal funds could be paid to recipients who do not qualify for receiving those funds.

**Recommendation:**

The Department should review policies and procedures to ensure eligibility determinations are properly completed and that ineligible recipients are detected timely.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Views of responsible officials:**

The DOE Nutrition Team has started a new process for documenting eligibility for CACFP At Risk Sites. At the time of site approval, the Nutrition Field Agent is responsible for validating that the school selected in is in the feeder pattern and validating that the school meets the 50% free/reduced criteria set forth by USDA. A screen shot of the feeder pattern and the free/reduced percentage of the school selected is saved to the sponsor folder on our share drive to support of approval of the site in our Nutrition system (DENARS). The Education Specialist and the Education Associate review this when finalizing approvals.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-013  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Education  
**State Department Name:** Department of Education  
**School District:** Capital, Red Clay, Appoquinimink  
**Federal Program:** Special Education Cluster – Individual Disability Education Act (IDEA)  
**CFDA Number:** 84.027, 84.173  
**Award Number and Year:** H027A190022 (7/1/2019 – 9/30/2020)  
**Compliance Requirement:** Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: 2 CFR 200.213 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.

**Condition:**

The Districts did not determine the suspension and debarment status on vendors with expenditures exceeding \$25,000 as required by federal regulations.

**Context:**

The suspension and debarment status for four out of nine vendors was not documented. Two of those vendors were procured at Capital School District, one of those vendors was procured at Red Clay School District, and the last of those vendors was procured at Appoquinimink School District.

**Questioned costs:**

There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

**Cause:**

The Districts did not establish effective internal controls over suspension and debarment transactions.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Effect:**

The Districts are not in compliance with federal suspension and debarment regulations.

**Recommendation:**

The Districts should ensure policies and procedures reiterate the three options for determining suspension and debarment status listed in 2 CFR 180.300.

**Views of responsible officials:**

Capital - For transactions/contracts exceeding \$25,000, Capital School District will determine debarment or suspension by:

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

Red Clay - For transactions/contracts exceeding \$25,000, Red Clay School District will determine debarment or suspension by:

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

Appoquinimink - For transactions/contracts exceeding \$25,000, Appoquinimink School District will determine debarment or suspension 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

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-014  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Labor  
**State Department Name:** Department of Labor  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI328311960A10 (1/1/2019 – 6/30/2021)  
**Compliance Requirement:** Special Tests - Reemployment Services and Eligibility Assessments (RESEA)  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: Per 42 U.S. Code § 506 (a) The Secretary of Labor (in this section referred to as the Secretary) shall award grants under this section for a fiscal year to eligible States to conduct a program of reemployment services and eligibility assessments for individuals referred to reemployment services as described in section 503(j) of this title for weeks in such fiscal year for which such individuals receive unemployment compensation. Further, per 42 U.S. Code § 506 (c) (1), In carrying out a State program of reemployment services and eligibility assessments using grant funds awarded to the State under this section, a State shall use such funds only for interventions demonstrated to reduce the number of weeks for which program participants receive unemployment compensation by improving employment outcomes for program participants.

**Condition:**

It is Department policy that RESEA eligibility interviews be conducted and eligibility review forms be completed. Both steps are to be reviewed and signed by the participant and an Unemployment Insurance (UI) staff member who is knowledgeable of the program requirements. For one case, there was no documentation of an eligibility interview being conducted nor an eligibility review form being completed. In an additional case, the interview did not contain the required signatures from the participant nor a UI staff member.

**Context:**

Exceptions noted in two of forty RESEA cases selected for testing.

**Questioned costs:**

Undetermined.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Cause:**

The Department did not establish effective internal controls over the RESEA eligibility intake process.

**Effect:**

Ineligible participants could go undetected and federal funds could be paid to recipients who do not qualify for receiving RESEA services.

**Recommendation:**

The Department should reiterate policies and procedures to ensure RESEA eligibility reviews are properly completed with evidence of proper approvals.

**Views of responsible officials:**

All RESEA eligibility reviews will be processed and maintained in a separate "V" drive by both location and month the review was completed. Introduction and attachment of RESEA eligibility reviews in the Service Now platform is also being investigated to effect better coordination and allow an additional level of evidence regarding review completion and approval. Certification with claimant's signature has also been added to electronic forms. Additional and ongoing training will be provided regarding RESEA policies and procedures pertaining to eligibility reviews and evidence of proper approvals. In addition to the record retention measures above, additional and ongoing training will be provided regarding RESEA policies and procedures pertaining to records retention and data management. The Division of Employment and Training and the Division of Unemployment Insurance are now working in partnership and using the same master list of claimants to ensure that all valid RESEA invitees have completed RESEA Eligibility reviews as required.



**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-015  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Labor  
**State Department Name:** Department of Labor  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI325911955A10 (10/1/2018 – 12/31/2021); UI340502055A10 (10/1/2019 – 12/31/2022)  
**Compliance Requirement:** Special Tests – UI Program Integrity - Overpayments  
**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:**

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 be in compliance 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).

Compliance: Per 42 U.S. Code § 503 (g) (1), A State shall deduct from unemployment benefits otherwise payable to an individual an amount equal to any overpayment made to such individual under an unemployment benefit program of the United States or of any other State, and not previously recovered. The amount so deducted shall be paid to the jurisdiction under whose program such overpayment was made. Any such deduction shall be made only in accordance with the same procedures relating to notice and opportunity for a hearing as apply to the recovery of overpayments of regular unemployment compensation paid by such State. (2) Any State may enter into an agreement with the Secretary of Labor under which— (A) the State agrees to recover from unemployment benefits otherwise payable to an individual by such State any overpayments made under an unemployment benefit program of the United States to such individual and not previously recovered, in accordance with paragraph (1), and to pay such amounts recovered to the United States for credit to the appropriate account, and (B) the United States agrees to allow the State to recover from unemployment benefits otherwise payable to an individual under an unemployment benefit program of the United States any overpayments made by such State to such individual under a State unemployment benefit program and not previously recovered, in accordance with the same procedures as apply under paragraph (1).

**Condition:**

A claimant received an overpayment and the Department did not initiate required procedures for identifying the basis for the overpayment and offsetting debts resulting from the overpayment.

**Context:**

Exceptions noted in one of forty overpayment cases selected for testing.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Questioned costs:**

Undetermined.

**Cause:**

The Department did not establish effective internal controls over the overpayment process.

**Effect:**

Overpayments could go undetected without the required offsetting and recovery procedures performed.

**Recommendation:**

The Department should reiterate policies and procedures to ensure overpayments are properly identified, handled, assessed, and that offsetting and recovery procedures are performed.

**Views of responsible officials:**

The Division of Unemployment Insurance is reevaluating current processes and internal controls regarding overpayments. Additional and ongoing training will be provided pertaining to overpayments ensuring that they are properly identified, handled, assessed and that offsetting and recovery procedures are performed.

**STATE OF DELAWARE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Reference Number:** 2020-016  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Labor  
**State Department Name:** Department of Labor  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI325911955A10 (10/1/2018 – 12/31/2021); UI340502055A10 (10/1/2019 – 12/31/2022)  
**Compliance Requirement:** Eligibility  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance (Qualified Opinion)

**Criteria or specific requirement:**

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 be in compliance 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).

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 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 UC law that conforms with federal UC law.

**Condition:**

During the fiscal year ending June 30, 2020, the President signed the CARES Act signed into law that authorized additional funding under the unemployment insurance program. This pandemic-related funding was significant and expanded the eligible individuals to support changes in employment status caused by COVID-19. Additionally, there was a priority on distributing funds under self-attestation strategy with limited verification to expedite disbursement of funds and support individuals in greatest need. However, several States experienced significant fraudulent claims. The U.S. Department of Labor and the State have partnered to investigate the extent and methods used to perpetuate the fraud. For the State, given the extent and circumstances, eligibility determinations made by the management were following the existing policies and procedures for this pandemic funding; however, by design, to meet federal and state expectations, the policies and procedures did not include verification procedures of eligibility. The procedures and policies accommodations contributed to vulnerabilities within the unemployment insurance program.

**Questioned costs:**

Undetermined and under investigation by both federal and local authorities.

**STATE OF DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**Cause:**

The State experienced unprecedented claims volume with increased funding and additional program requirements with a priority for efficient distribution from both the U.S. Department of Labor and State officials. Management made decisions to relax verification procedures to meet demand and program expectations.

**Effect:**

By relaxing verification procedures, the unemployment insurance program becomes more vulnerable to fraudulent claims.

**Recommendation:**

We recommend considering additional internal controls that management could implement to efficiently verify program eligibility while providing timely payment to program beneficiaries.

**Views of responsible officials:**

The Delaware Division of Unemployment Insurance is working currently to enhance its systems to identify and prevent fraudulent actors from accessing UI benefits, and acquiring systems and services to assist in the identification and investigation of potentially fraudulent claims.