

DELAWARE HEALTH EQUITY COALITION, INC.

PERFORMANCE AUDIT
OCTOBER 1, 2023 - SEPTEMBER 30, 2024



State of Delaware
Office of Auditor of Accounts

Lydia E. York
State Auditor

Delaware Health Equity Coalition
Dr. Cydney Teal
2100 Baynard Boulevard
Wilmington, DE 19802

The attached report provides the results of our performance audit of Delaware Health Equity Coalition, Inc., with respect to the Prescription Opioid Settlement grant program in accordance with the criteria set forth in Delaware Code, the grant application and grant agreement.

We conducted this performance audit in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the information and use of Delaware Health Equity Coalition, Inc., the Prescription Opioid Settlement Distribution Commission and the Office of Auditor of Accounts. Under 29 Del. C. §10002(o), this report is a matter of public record, and its distribution is not limited. This report, as required by statute, will be provided to the Office of the Governor, General Assembly, Office of the Controller General, Office of the Attorney General, and the Office of Management and Budget.

This report can be accessed online through the State Auditor's website at <https://auditor.delaware.gov>.

A handwritten signature in blue ink that reads "Lydia E. York".

Lydia E. York
Auditor of Accounts
Dover, Delaware

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Abbreviations:

Table with 2 columns: Abbreviation and Full Name. Includes AOA (Delaware Office of Auditor of Accounts), BHC (Behavioral Health Consortium), DHR (Department of Human Resources), FSF (First State Financials), GAGAS (Generally Accepted Government Auditing Standards), LGC (Local Government Committee), MOU (Memorandum of Understanding), NARR (National Association of Recovery Residences), OUD (Opioid Use Disorder), POSDC (Prescription Opioid Settlement Distribution Commission), RFI (Request for Information), SUD (Substance Use Disorder).

For further information on this release please contact:

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Audit Objectives

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives established for the performance audit of Delaware Health Equity Coalition Inc. were to:

1. Determine whether grant expenditures were consistent and in compliance with Phase 1B of the signed grant agreement, (known as the ‘Opioid Abatement and Remediation Grant’).
2. Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.
3. Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Audit Scope

We were engaged to perform this performance audit and conducted our engagement in accordance with the standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The period covered by the Performance Audit was October 1, 2023, through June 30, 2024. We sampled and examined transactions from the populations of expenditures and receipts of grant funds for the period. In sampling these transactions, we relied on documentation provided by the Organization, the Delaware Department of Justice, the Prescription Opioid Settlement Distribution Commission (POSDC or “the Commission”) and the State of Delaware’s financial accounting system (FSF).

Findings

The performance audit conducted on Delaware Health Equity Coalition Inc. contains two (2) findings that were identified during the engagement. Delaware Health Equity Coalition, Inc. has not maintained adequate documentation to measure grant deliverables relating to outreach services provided, including: naloxone distribution, event details and outcomes to be reported under the Opioid Abatement and Remediation Grant. In addition, Delaware Health Equity Coalition Inc.’s categorization of expenses charged to the grant included expense categories that did not have a demonstrable direct correlation with the grant. Refer to *Schedule of Findings and Recommendations* for details of the deficiencies identified and related recommendations.

Conclusions

Based on the work performed in connection with this performance audit, we concluded the following:

1. That grant expenditures were not consistent and in compliance with Phase 1B of the signed grant agreement, (known as the ‘Opioid Abatement and Remediation Grant’).
2. That grant expenditures have a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.
3. A portion of the grant expenditures were not in compliance with allowable costs and permitted uses of grant funds.
4. Grant reporting deliverables were not fully met.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are referred to as Generally Accepted Government Auditing Standards (GAGAS).

Performance audits are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Government programs are subject to many provisions of laws, regulations, contracts, and grant agreements. Auditors identify any provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. Based on that risk assessment, we have designed and performed procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives.

We conducted this performance audit in accordance with GAGAS applicable to performance audits issued by the Comptroller General of the United States. These standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We are required to be independent of the granting and recipient organizations to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to this performance audit engagement. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority

The Office of the Auditor of Accounts (AOA) is authorized under 29 Del. C, § 2906(a) to conduct audits of all the financial transactions of all state agencies. 16 Del. C. § 5196B authorizes the Behavioral Health Consortium to distribute money in

the Prescription Opioid Settlement Fund and the Prescription Opioid Impact Fund based on the recommendations of the POSDC by awarding grants. In addition, in accordance with the signed grant agreement “Any entity that applies for and receives (“Recipient”) a grant award or other disbursement of Opioid Funds expressly acknowledges that it is receiving restricted State funds from the Prescription Opioid Impact Fund (the “Impact Fund”) established under 16 Del. C. § 4803B and/or the Prescription Opioid Settlement Fund (the “Settlement Fund,” and together with the Impact Fund, the “Opioid Funds”) established under 16 Del. C. § 4808B.”

AOA has selected for audit certain grant recipients based on various risk factors. These risk factors include, but are not limited to, constituent referrals, materiality-based selection and random selection. This report has been prepared as part of this performance audit project.

Program Overview

Pharmaceutical manufacturers and distributors have reached a settlement agreement with the State of Delaware, along with a broad coalition of States, to resolve legal claims. The agreements provide for approximately \$50 billion in payments over 18 years to be disbursed to all participating States. Funding will be distributed to States according to the allocation agreements reached among each State’s Attorney’s General. The State of Delaware is expected to receive approximately \$250 million over 18 years. Distribution within Delaware began during the 3rd quarter of 2023 and is administered by the Delaware Behavioral Health Consortium. The distributions are to be used to support a wide variety of strategies to fight the opioid crisis.

On October 14, 2021, Senate Bill 166 was signed into law and created the POSDC and vested it with the responsibility for:

- (a) establishing a coordinated and consensus driven effort to repair the harm done to communities in Delaware by the opioid crisis and
- (b) making recommendations to the Behavioral Health Consortium (the “BHC”) regarding the distribution of money in the Prescription Opioid Impact Fund (the ‘Impact Fund’) established under 16 Del. C. § 4803B and the Prescription Opioid Settlement Fund (the “Settlement Fund”) established under 16 Del. C. § 4808B.

The POSDC is a subcommittee of the Behavioral Health Consortium (BHC) and is charged with providing funding recommendations to the BHC to abate and remediate the Delaware opioid crisis.

The work of the POSDC is supported by its co-chairs and six standing committees:

1. Behavioral Health Resources Committee
2. Budget and Reporting Committee
3. Equity Committee
4. Governance Committee
5. Local Governments Committee
6. Public Outreach and Community Input Committee

The purpose of the POSDC is to abate and remediate the opioid epidemic throughout the State of Delaware through financial support from the Fund in the form of grant awards for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids.

Pursuant to the above noted legislation and 16 Del. C. § 5196A, the General Assembly created a Local Government Committee (the “LGC”), which has statutory authority to make recommendations to the Commission regarding the distribution of money from the Impact Fund and the Settlement Fund. The Commission, with the recommendation of the LGC, approved grants to 78 non-profit and governmental organizations in 2 phases, totaling \$13,006,135 (Phase 1A: \$3,656,039 & Phase 1B:\$9,350,096).

The Impact Fund and each respective grant award was meant to increase access to treatment, reduce unmet treatment needs and reduce opioid overdose related deaths by providing prevention, treatment, and recovery activities for ‘Opioid Use Disorder’ (OUD), including prescription opioids and illicit drugs such as heroin.

Grant Agreement – This Performance Audit is prescribed by the ‘Mandatory Terms and Conditions for the Prescription Opioid Impact Fee Fund and Prescription Opioid Settlement Fund’ grant agreement.

Organization Background

Delaware Health Equity Coalition, Inc. (the Organization), is a §501(c)(3) non-profit organization that provides comprehensive healthcare from an office suite located in Wilmington, Delaware. The Organization offers primary adult and pediatric care, behavioral and mental health services, and specialty care. Delaware Health Equity Coalition, Inc. was founded in 2022 to eradicate health and social disparities in underserved communities in Delaware.

Delaware Health Equity Coalition, Inc. was allocated \$450,000 of Opioid Grant funds to spend in accordance with the Opioid Abatement program. These funds represent approximately 24% of the \$1.87 million forecasted total cost for the program. As of September 30, 2024, the Organization has received \$350,000 in grant disbursement. These funds were spent to support Delaware Health Equity Coalition’s expansion and operation of a clinic within an underserved area in Wilmington, DE.

The clinic will provide screenings for all clients. Community events will include education and naloxone kit distribution. Any client who presents with symptoms and is identified as an individual with substance use disorder, will be referred to the appropriate SUD treatment and support services providers.

The goal of the project is to execute a sustainable solution for what has been identified as a growing and imminent threat to the well-being of the community. Additional support will perpetuate intentional strategic partnerships, community alliances, data gathering, evaluation and analysis that will develop and deliver community supported, evidence-based interventions to reduce the number of at-risk populations experiencing OUD/SUD, and co-occurring mental health disorders.

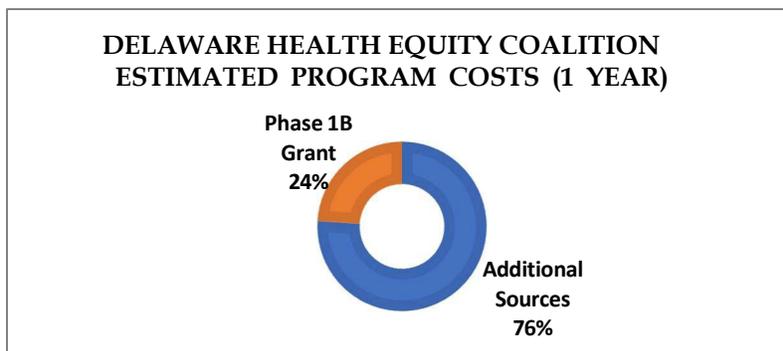


Exhibit 1: Delaware Health Equity Coalition, Inc. was allocated \$450,000 of Opioid Grant funds to spend in accordance with the Opioid Abatement program. These funds represent approximately 24% of the \$1.87 million forecasted total cost for the program.

Audit Methodology and Results

To address the audit objectives of this performance audit, we performed the following procedures:

- A. **Planning Phase:** The audit relied on various sources of information and methods to properly plan the audit and to obtain an understanding of, and assess processes for the Organization, including the following:
1. We reviewed the applicable sections of the Federal Prescription Opioid Settlement Distribution legislation to gain an understanding of the legal and policy requirements governing the ‘Prescription Opioid Settlement Distribution’ grants.
 2. We inquired whether there were any findings and recommendations in reports resulting from any previous audits that relate to the objectives of this audit and whether the recommendations have been implemented.
 3. We identified and reviewed contracts, agreements, and other important documents.
 4. We performed risk assessment procedures such as:
 - a. Obtained and documented an understanding of the Organization and its environment and identified risks.
 - b. Completed engagement team discussions, including discussions about the possibility of error or fraud involving opioid grant funds.
 - c. Made inquiries of management and others about risks (including fraud risks, related-party transactions, unusual transactions, and compliance with laws, regulations, contracts, and grant agreements).
 - d. Inquired as to the existence of the Organization’s internal control system over grant fund receipts and expenditures.
- B. **Performance Assessment:** Based on the information gathered, we developed the following risk-based approach of the grant funds with respect to the audit objectives.
1. To determine the compliance of the grant disbursements, we sampled and tested transactions from the population of expenditures from opioid grant funds to determine that the transactions

were properly documented, authorized, and properly recorded; that products and services were received; and that the transactions complied with opioid grant requirements.

2. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements were consistent and in compliance with Phase 1 of the Prescription Opioid Impact Fee Settlement Fund.
3. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements had a demonstrable direct correlation with the expected performance measures, scope of work, and grant agreement and budget.
4. We compared the grant application and grant agreement to the grant disbursements and reported results to assess whether the grant deliverables had been met with respect to the grant agreement.

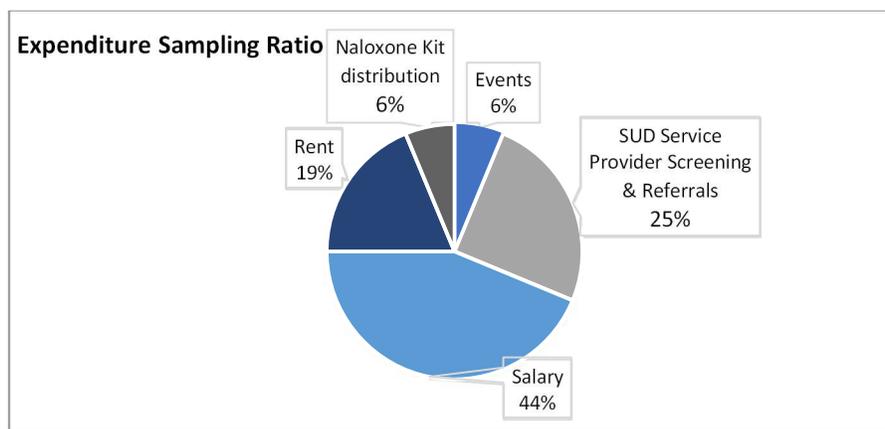


Exhibit II: We compared the grant application and grant agreement to the grant disbursements and the reported results to assess whether the grant deliverables had been met with respect to the grant agreement.

Objective 1

Determine whether grant expenditures were consistent and in compliance with Phase 1B of the signed grant agreement, (known as the ‘Opioid Abatement and Remediation Grant’).

Methodology - To assess the Organization’s operation of internal controls over opioid grant expenditures, we haphazardly selected a sample of 42 disbursement transactions that were charged to the grant.

Results – We found that 9 monthly rent expenditures of opioid grant funds tested were not consistent and in compliance with Phase 1B of the signed grant agreement from the period of October 1, 2023, to June 30, 2024. The 9 grant expenditure exceptions were for rent expenses of Delaware Health Equity, Inc., and not directly related to the grant agreement.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.

We analyzed the grant expenditures and found that 70 percent were related to program expenses, and 30 percent related to building rent and administrative expenses.

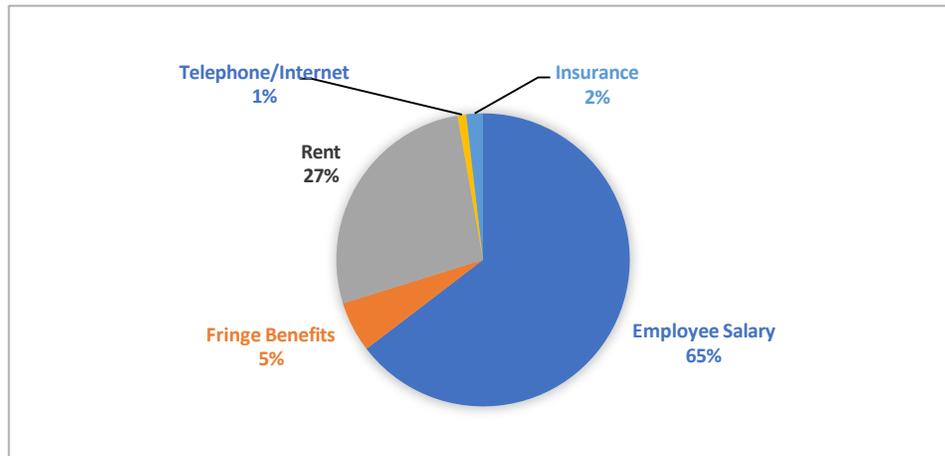


Exhibit III: Expenditures by Functional Category

Objective 2

Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.

Methodology - To determine if each of the 42 grant expenditures selected for testing had a demonstrable direct correlation with the performance measures and scope of work, we reconciled each disbursement to the opioid abatement program and budget documentation for the disbursement. We also compared the purpose of the disbursement to the performance measures and scope of work of the grant agreement. We compared the purpose of the expenditure to the budget categories to determine if the expenditure complied with one of the budget categories.

Results – We found that 33 of the 42 grant expenditures were directly correlated to the opioid abatement program as established by the ‘Opioid Abatement and Remediation’ grant agreement. The remaining 9 grant expenditures had only an indirect correlation to the grant and did not have a direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.

Objective 3

Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Methodology - To determine if each of the 42 tested disbursements were in compliance with allowable costs and permitted uses of the Opioid Abatement and Remediation’ grant agreement and whether reporting deliverables were met, we compared the signed grant agreement, grant application and each of the periodic status update reports (prepared for the Commission) to each

grant disbursement to determine if each disbursement was relevant and consistent with relevant Opioid Abatement grant legislation and guidance and that each status report appeared reasonable considering the amount and nature of each expenditure.

Results – Based on our audit procedures, we determined that 42 of the disbursements tested were supported by sufficient documentation but only 33 were in compliance with allowable costs and permitted uses of grant funds and that ‘reporting deliverables’ were not met in accordance with the Organization’s grant agreement. 9 of the disbursements tested for monthly rent expenditures were outside of the allowable costs and permitted uses of grant funds. We were unable to determine the accuracy of the monthly reports for patient referrals and screenings due to limited supporting documentation available for review. Therefore, we could not determine the accuracy of the monthly reports.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.

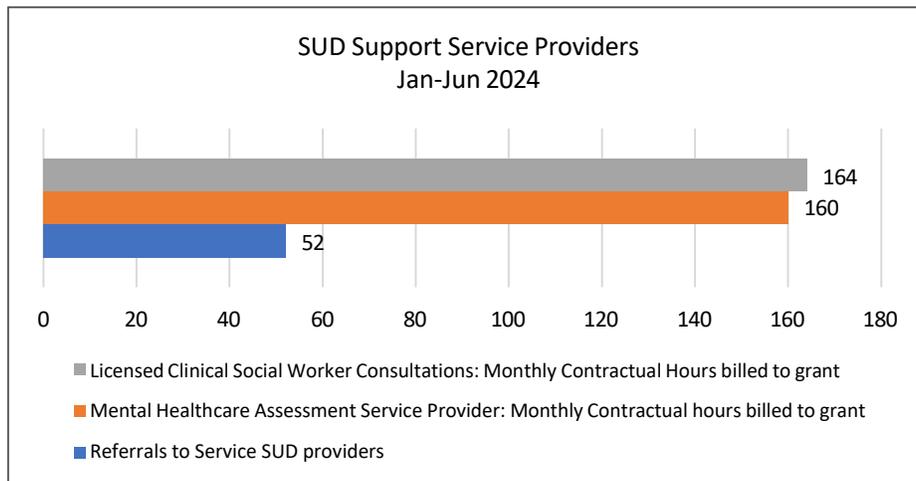


Exhibit IV: MOU contractual hours billed to Delaware Health Equity Coalition, Inc. were paid to Vendors at a monthly flat rate. Hours do not directly correlate to the number of patient screenings. Delaware Health Equity Coalition, Inc. did not provide an exact count of patient screenings.

Schedule of Findings and Recommendations

There were findings identified as a result of this performance audit of Delaware Health Equity Coalition, Inc.

Finding #1 Supporting Documentation for Measuring Grant Deliverables was not available to review.

Criteria: State of Delaware; Office of the Lieutenant Governor; Agreement Governing Distributions of Prescription Opioid Impact Fee Funds and Prescription Opioid Settlement Funds, Audit, and Inspection Provision 2(a) and 2(b) Public Access to Audit Materials (4) Customized Reporting Obligations (5).

Condition: Delaware Health Equity Coalition, Inc. has not maintained adequate documentation to track the progress of the following grant program deliverables:

- Develop monthly tracking report for supply purchases, referrals to SUD providers, and naloxone kits distributed by community partner.
- Document the number of screenings completed.
- Participation in outreach events – did not provide proof of distribution of educational materials.
- Did not document event details (i.e., dates or function, description, and outcome).

Cause: Delaware Health Equity Coalition, Inc. did not have internal controls and procedures in place to maintain adequate documentation to support grant deliverables.

Effect: Due to limited documentation, Delaware Health Equity Coalition, Inc. was unable to verify the full details of outreach services provided including naloxone distribution, event details and outcomes to be reported under the Opioid Abatement and Remediation Grant. Due to limited details in SUD provider documentation, Delaware Health Equity Coalition, Inc. was unable to verify the exact number of patient screenings and referrals completed. This non-compliance with the Grant Agreement deliverable schedule has resulted in:

- An inability to measure outcomes. Without proper documentation, it is impossible to obtain accurate metrics to evaluate the effectiveness and impact of the program.
- Risk of Funding Issues: Non-compliance with grant requirements may jeopardize current and future funding opportunities, affecting the organization’s ability to sustain and expand its services.

Recommendation: We recommend that Delaware Health Equity Coalition develop a formalized written procedure for maintaining documentation of the progress of grant deliverables. The procedure should be developed to ensure adequate documentation is available to track supporting program deliverables status and maintained throughout the grant period. The maintenance of grant deliverables documentation should include the following:

- Develop internal policies and procedures to ensure that documentation supporting program deliverables is maintained.
- Develop and follow standardized procedures for documenting all activities and deliverables, including distribution of naloxone kits, event attendance and outcomes, as well as referrals to SUD providers.
- Conduct regular internal reviews of documentation practices to ensure compliance with grant requirements and identify areas for improvement.
- Establish oversight mechanisms, such as periodic management reviews and performance metrics, to monitor documentation practices and ensure continuous compliance.

Finding #2 Grant Expenditures did not have a Demonstratable Direct Correlation with the Grant Budget.

Criteria: State of Delaware; Office of the Lieutenant Governor; Prescription Opioid Impact Fee Fund and Prescription Opioid Settlement Fund Guidelines for Grant Programs Phase 1B -2023; Agreement Governing Distributions of Prescription Opioid Impact Fee Funds and Prescription Opioid Settlement Funds, Permitted Uses 2.2; Commission Resource Document Exhibit E List of Opioid Remediation Uses Schedule B.

Condition: Delaware Health Equity Coalition Inc.'s report of categorization of expenses charged to the grant included all the facility rent expenses which did not have a demonstratable direct correlation with the grant.

Cause: The Delaware Health Equity Coalition, Inc. used grant funds for rental expenses related to its general medical practice, not for opioid abatement as specified in the grant agreement. Opioid treatment does not occur on site at to the landlord's request. The organization provides screenings that may lead to referrals for substance use disorder (SUD) treatment, but it does not offer on-site opioid treatment.

Effect: We were unable to determine the organization's extent of providing the wrap-around service deliverables stated in the grant agreement. Lack of documentation providing a direct correlation to SUD patients treated to justify opioid grant funds covering the monthly rent for the practice. Delaware Health Equity Coalition, Inc. paid its monthly rent expense in full utilizing opioid grant funds to maintain the rental space that does not address specific grant deliverables.

Recommendation: We recommend that the Delaware Health Equity Coalition use grant funds for expenses that are directly related to and demonstrably support opioid abatement strategies.

The Delaware Health Equity Coalition, Inc. must develop and implement administrative and accounting policies to prorate the use of opioid grant funds for building rent. This proration should be proportionate to the opioid abatement services provided on-site. The calculation of this prorated amount must also consider any policies or restrictions outlined in the tenant-landlord lease agreement.

Management's Response to Audit Findings



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October 30, 2025

Thank you for reaching out and sharing the audit team's findings. We appreciate the opportunity to respond to your findings, as we would like to clarify our work and the discrepancies in this document.

In review, DHEC was allocated \$450,000 of ORF grants to expand our primary care operations in the 19801 and 19802 districts.

Specifically, DHEC agreed and was contracted to do the following:

1. Expand primary care service
2. Provide screenings for all clients
3. Will engage in community events to include education and naloxone kit distribution
4. Any client who presents with symptoms and is identified as an individual with SUD will be referred to the appropriate SUD treatment and support services providers

Metrics/Measures of Success

1. Attend/host at least two educational events per year
2. All participants trained to administer Naloxone
3. Distribution of at least 50 Naloxone kits
4. Patients will be screened for SUD
5. Referrals to any needed SUD treatment services, also including transportation, housing, food, childcare, job training and other professional behavioral health services.

In the audit findings, it was suggested that we did not provide documentation for measuring grant deliverables.

From Delaware Health Equity Coalition Audit Report page 9:

Finding #1

Condition: Delaware Health Equity Coalition, Inc. has not maintained adequate documentation to track the progress of the following grant program deliverables:

State of Delaware Health Equity Coalition, Inc. Performance Audit

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- Develop monthly tracking report for supply purchases, referrals to SUD providers, and naloxone kits distributed by community partner.

Management’s Response to Audit Findings continued...

- Document the number of screenings completed.
- Participation in outreach events – did not provide proof of distribution of educational materials.
- Did not document event details (i.e., dates or function, description, and outcome).

DHEC Response: Each month, we submitted data to the POSDC portal. We do not have access to that portal; however, we also provided a PowerPoint update on the measures of success. For your review, please find several attachments that speak to this practice, including our master spreadsheet containing all of our community wellness events, education, Naloxone education, and kit distribution (COVID education and Vaccination Information).

From Delaware Health Equity Coalition Audit Report page 10:

Finding#2

Condition: Delaware Health Equity Coalition Inc.’s report of categorization of expenses charged to the grant included all the facility rent expenses which did not have a demonstrable direct correlation with the grant.

Cause: The Delaware Health Equity Coalition, Inc. used grant funds for rental expenses related to its general medical practice, not for opioid abatement as specified in the grant agreement. Opioid treatment does not occur on site at the landlord’s request. The organization provides screenings that may lead to referrals for substance use disorder (SUD) treatment, but it does not offer on-site opioid treatment.

DHEC Response: For reference we have included our original budget and contract. As stated above, DHEC is a primary care practice and the goal of the contract is to expand clinical services in high-risk population areas. In addition to providing primary care services, DHEC also provides SUD screening and referral to treatment, also noted in our contract. At no time has DHEC indicated that we would provide treatment services. Again, this is noted in our contract as well as in our performance metrics.

We respectfully request review of the submitted information with corrections to the audit. If appropriate, we are more than willing to meet with the Independent Auditor to review our data and performance metrics.

Thank you.

Cydney Teal MD, MBA, CPE, FAAFP, FACP
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Auditor's Response

This performance audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. *Government Auditing Standards* Paragraph 9.52 (below), requires auditors to respond to the auditee's response when there is disagreement.

“When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement.”

The Office of the Auditor of Accounts has several disagreements with the Organization's response to the findings (noted above):

Finding #1:

AOA Addressing Management's Responses to Finding #1:

We acknowledge that the Delaware Health Equity Coalition submitted monthly presentations to the POSDC portal. However, these submissions do not qualify as adequate documentation to meet the grant's reporting metrics because they cannot be fully traced.

Our audit team requested proof of monthly tracking reports for key activities, including supply purchases, SUD provider referrals, naloxone kit distribution by partners, and details on outreach event participation. The materials provided by management with its post audit response to the findings did not align with the version of materials initially submitted to the AOA during the course of the performance audit. Finally, the AOA contacted the partner for Narcan kit distribution but could not confirm the partnership or the actual distribution count based on the vendor's response.

Finding #2:

AOA Addressing Management's Responses to Finding #2:

We recognize the Delaware Health Equity Coalition's goal of eradicating health and social disparities through comprehensive adult and pediatric care. The grant scope of work specifically funds the evaluation, analysis, and the delivery of evidence-based, community-supported interventions to reduce OUD, SUD, and related mental health disorders. Notably, the Coalition's grant contract does not list securing a physical location as a grant metric, unlike some other awardees. Consequently, the justification provided in the management response does not support paying for 100% of the monthly facility rent using the opioid grant funds.

APPENDIX A: Sampling Methodology

Expenditure Sampling: Payroll Expenditures

Payroll Population:

- Overall Population: Total expenditures charged to the \$450,000 opioid grant award during the audit period. Total disbursed on the grant to date is \$350,000. Total payroll expenditures were \$257,070 of the \$356,705 grand total budgeted to payroll.
- Sampling Period: Employee payroll during the audit period October 1, 2023, to June 30, 2024.

Sampling Method:

- Initial Selection: Judgmental sampling was used to identify key areas of expenditure based on the budget to actual expenditure report. The budget categories with the highest dollar totals were chosen, with salaries and benefits having the largest amount. This approach focuses on areas of highest risk or potential impact.
- Salaries and Wages Testing Sampling Type: Non-statistical (targeted review) sampling was employed for the salaries and wages component. This method focuses on specific transactions based on the auditor's judgment and experience rather than mathematical probability.

Sample Selection/Sample Size/Rationale:

- Initial Selection: Based on the budget to actual expenditure report, salaries and benefits were identified as a key area representing a significant percentage of the grant expenditures.
- Rationale: During the audit scope period October 1, 2023-March 31, 2024, some of the employees were paid weekly, while other employees were paid on biweekly basis. During the audit scope period of April 1, 2024-June 30, 2024, all employees were transitioned to a biweekly pay period. This selection aimed to confirm that transactions were processed consistently over time for each manner of payroll schedule.
- Salaries and Wages Sample Size:
 - Employees: Six employees were selected for testing.
 - Pay Periods: Sixteen pay periods were selected haphazardly (i.e., without a predetermined pattern or bias) from a nine-month period within the audit scope period out of a total of twenty-four pay periods within the audit scope.
 - Payroll Transactions Sample Size: Twenty-one payroll transactions were selected.
 - Total Payroll Dollar Amount Tested: The total payroll expenditures tested was \$132,768 out of a total of \$257,070 of payroll expenditures.

Expenditure Sampling: Other Expenditures

Other Expenditure Testing Population :

- Overall Population: Total expenditures charged to the \$450,000 opioid grant award during the audit period. Total disbursed on the grant to date is \$350,000. The dollar amount of other expenditures on the grant totaled \$72,626 of the \$ 242,580 grand total budgeted during the audit period.
- Sampling Period for Other Expenditures: All expenditures other than payroll charged to the opioid grant during the audit period of October 1, 2023, to June 30, 2024.

Sampling Method:

- Initial Selection: Judgmental sampling was used to identify key areas of expenditure based on the budget-to-actual expenditure report. The budget categories with the highest dollar totals were chosen. This approach focuses on areas of highest risk or potential impact.
- Non-Payroll-Other Expenditures - Non-statistical (targeted review) sampling was employed for the non-payroll other expenditures component. This method focuses on specific transactions based on the auditor's judgment and experience rather than mathematical probability.

Sample Selection/Sample Size/Rationale:

- Initial Selection: Based on the budget to actual expenditure report, rent and outside consultant/specialist expenditures were identified as a key areas representing a significant percentage of the other grant expenditures.
- Other Expenditures Selection:
 - 33 other expense transactions related to specialists/consultants in the amount of \$23,500 were selected.
 - 9 other expense transactions related rent in the amount of \$49,126 were selected.
 - The sample size consisted of invoices, receipts, lease agreement, and other expenditure documentation that represented the total dollar amount charged to the grant budget category.
- Rationale: We selected the transactions based on materiality and the grant terms and conditions.

Other Metrics of Success: Event Sampling

Event Transaction Testing Population:

- Overall Population: Total population of 24 events. The list of events provided by the auditee in which its attendance resulted in the provision of education and/or naloxone distribution to the public attendees.
- Sampling Period for Events: Auditee manually recorded the list of events attended or hosted during the audit testing scope of October 1, 2023, to June 30, 2024. The list of events provided by auditee covered eight months, November 2023 through June 2024.

Sampling Method:

- Initial Selection: Judgmental sampling was used to identify events hosted or attended in which education or naloxone kit distribution took place as a direct result of auditee attendance.
- Events Sampling: Non-statistical (targeted review) sampling was employed for the non-expenditure component. This method focuses on specific non-financial dated event occurrences based on the auditor's judgment and experience rather than mathematical probability.

Sample Selection/Sample Size/Rationale:

- Initial Selection: Based on the grant metrics of success, educational events and naloxone kit distribution were identified as the two key areas representing a significant benchmark of success under the grant terms.
 - Rationale: We selected the events for which the auditee could corroborate its attendance with tangible evidence. This selection aimed to confirm that the auditee attended the events and fulfilled the success metrics under the terms of the grant.
- Event Activity Selection:
 - Activity Sample Size: The sample size consisted of three events selected from a timeframe of three months (March, April, May 2024).