

STATE OF DELAWARE
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2023



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**STATE OF DELAWARE
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INDEPENDENT AUDITORS' REPORT

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

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

Opinion

We have audited the accompanying schedule of expenditures of federal awards (the Schedule) of the State of Delaware for the year ended June 30, 2023, and the related notes to the Schedule.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of Delaware for the year ended June 30, 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

Other Matters – Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2023. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

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

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

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

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

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

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

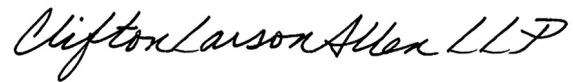
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the State of Delaware's internal control over financial reporting of the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Delaware's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Delaware's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
April 30, 2024



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of federal awards (the Schedule) and related notes of the State of Delaware, for the year ended June 30, 2023 and have issued our report thereon dated April 30, 2024.

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

Report on Internal Control Over Financial Reporting

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

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

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

We identified a certain deficiency in internal control, described in the accompanying 2023-001 that we consider to be a material weakness.

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

Report on Compliance and Other Matters

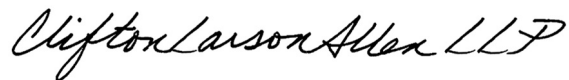
As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The State's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
April 30, 2024



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

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Delaware's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2023. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Summary of Opinions

Major Federal Program/Cluster	Type of Opinion
Unemployment Insurance	Qualified
Coronavirus State and Local Fiscal Recovery Funds	Qualified
Childrens Health Insurance Program	Qualified
Medicaid Cluster	Qualified
Opioid STR	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	Qualified
Child and Adult Care Food Program	Unmodified
Highway Planning and Construction	Unmodified
Drinking Water State Revolving Fund Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Education Stabilization Fund	Unmodified
Low-Income Home Energy Assistance	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Unmodified

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

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

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the identified major programs for the year ended June 30, 2023.

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

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

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

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

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

Program	Assistance Listing	Noncompliance	Finding Number
Unemployment Insurance	17.225	Special Tests and Provisions - UI Benefit Payments	2023-017
Unemployment Insurance	17.225	Special Tests and Provisions - Employer Experience Rating	2023-018
Unemployment Insurance	17.225	Reporting	2023-019
Coronavirus State and Local Fiscal Recovery Funds	21.027	Reporting	2023-014
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests and Provisions - Provider Health and Safety	2023-002
Medicaid Cluster; Children's Health Insurance Program	93.775, 93.777, 93.778, 93.767	Special Tests and Provisions - Provider Eligibility	2023-003
Opioid STR	93.788	Period of Performance	2023-005
Opioid STR	93.788	Subrecipient Monitoring	2023-006
Opioid STR	93.788	Reporting - FFATA	2023-007
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Reporting - FFATA	2023-008

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

Other Matters - Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2023. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-009, 2023-010, 2023-011, 2023-012, 2023-013, 2023-015, 2023-016, 2023-020, 2023-021, 2023-022, 2023-024, and 2023-025. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-005, 2023-006, 2023-007, 2023-008, 2023-014, 2023-017, 2023-018, and 2023-019 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-009, 2023-010, 2023-011, 2023-012, 2023-013, 2023-015, 2023-016, 2023-020, 2023-021, 2023-022, 2023-023, 2023-024, and 2023-025 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
April 30, 2024

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 1,728,191	\$ -
Conservation Reserve Program	10.069	9,423	-
Agricultural Marketing Service	10.163	1,648	-
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170	\$ 295,981	295,981
Specialty Crop Block Grant Program - Farm Bill	10.170	<u>473,152</u>	252,847
Total Specialty Crop Block Grant Program - Farm Bill		769,133	
Food Bank Network	10.182	355,000	310,000
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	285,805	-
COVID-19 - Pandemic EBT	10.542	50,117,586	-
Food and Nutrition Service	10.535	132,131	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	2,265	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	2,028,128	-
Pandemic EBT Administrative Costs	10.649	<u>1,632,481</u>	-
Total Pandemic EBT Administrative Costs		3,660,609	
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program (SNAP)	10.551	313,307,623	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	1,386,723	-
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	<u>20,154,364</u>	-
Total State Administrative Matching Grants for the Supplemental Nutritional Assistance Program		21,541,087	-
Total SNAP Cluster		<u>334,848,710</u>	-
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	15,700,768	344,127
National School Lunch Program	10.555	47,613,636	905,908
COVID-19 - Summer Food Service Program for Children	10.559	2,273,902	1,187,030
Fresh Fruit and Vegetable Program	10.582	2,247,670	43,817
Total Child Nutrition Cluster		<u>67,835,976</u>	2,480,882
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	7,712,628	-
Child and Adult Care Food Program	10.558	18,386,597	16,687,196
State Administrative Expenses for Child Nutrition	10.560	1,368,212	-
<i>Food Distribution Cluster</i>			
Commodity Supplemental Food Program	10.565	177,812	102,337
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	287,101	-
Emergency Food Assistance Program (Administrative Costs)	10.568	<u>277,612</u>	164,662
Total Emergency Food Assistance Program (Administrative Costs)		564,713	
Emergency Food Assistance Program (Food Commodities)	10.569	2,090,056	-
Total Food Distribution Cluster		<u>2,832,581</u>	-
COVID-19 - WIC Farmer's Market Nutrition Program (FMCP)	10.572	12,000	-
WIC Farmers' Market Nutrition Program (FMCP)	10.572	<u>52,921</u>	-
Total WIC Farmers' Market Nutrition Program (FMCP)		64,921	
Senior Farmers' Market Nutrition Program	10.576	91,405	-
Child Nutrition Discretionary Grants Limited Availability	10.579	11,351	10,498
Food for Education	10.608	7,153,180	-
Cooperative Forestry Assistance	10.664	153,264	-
Urban and Community Forestry Program	10.675	195,837	-
Forest Stewardship Program	10.678	117,251	6,093
Forest Health Protection	10.680	67,730	-
National Fish and Wildlife Foundation	10.683	107,790	-
Total U.S. Department of Agriculture		<u>498,009,224</u>	<u>20,310,496</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce			
Broadband Equity, Access, and Deployment Program	11.035	\$ 663,164	\$ -
<i>Economic Development Cluster</i>			
COVID-19 - Economic Adjustment Assistance	11.307	\$ 293,552	-
Economic Adjustment Assistance	11.307	<u>1,762,719</u>	-
Total Economic Development Cluster		2,056,271	-
Interjurisdictional Fisheries Act of 1986	11.407	9,361	6,000
Coastal Zone Management Administration Awards	11.419	1,117,620	-
Unallied Science Program	11.472	247,786	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	211,724	-
Manufacturing Extension Partnership	11.611	986,602	-
Total U.S. Department of Commerce		<u>5,292,528</u>	<u>6,000</u>
U.S. Department of Defense			
Beach Erosion Control Projects	12.101	113,521	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	14,502	-
Military Construction - National Guard	12.400	2,909,616	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	18,298,770	-
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	154,274	-
Total U.S. Department of Defense		<u>21,490,683</u>	<u>-</u>
U.S. Department of Housing and Urban Development			
<i>CDBG - Entitlement Grants Cluster</i>			
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	19,950	-
Total CDBG - Entitlement Grants Cluster		<u>19,950</u>	-
Fair Housing Assistance Program_State and Local	14.401	161,611	-
Total U.S. Department of Housing and Urban Development		<u>181,561</u>	<u>-</u>
U.S. Department of the Interior			
Hurricane Sandy Disaster Relief – Coastal Resiliency Grants.	15.153	25,921	-
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	5,033,263	-
Wildlife Restoration and Basic Hunter Education	15.611	2,741,725	15,000
Total Fish and Wildlife Cluster		<u>7,774,988</u>	<u>15,000</u>
Fish and Wildlife Management Assistance	15.608	8,397	-
Cooperative Endangered Species Conservation Fund	15.615	49,039	-
Landowner Incentive	15.633	3,025	-
State Wildlife Grants	15.634	780,433	-
Endangered Species Conservation Recovery Implementation Funds	15.657	26,379	-
Hurricane Sandy Disaster Relief Activities-FWS	15.677	9,573	-
Historic Preservation Fund Grants-In-Aid	15.904	505,092	22,904
Outdoor Recreation_Acquisition, Development and Planning	15.916	1,836,979	-
Total U.S. Department of the Interior		<u>11,019,826</u>	<u>37,904</u>
U.S. Department of Justice			
Sexual Assault Services Formula Program	16.017	396,514	381,670
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	190,179	20,823
Juvenile Justice and Delinquency Prevention Program	16.540	94,308	-
Missing Children's Assistance	16.543	409,759	-
Title V Delinquency Prevention Program	16.548	159,373	122,793
State Justice Statistics Program for Statistical Analysis Centers	16.550	43,470	-
National Criminal History Improvement Program (NCHIP)	16.554	186,826	-
Crime Victim Assistance	16.575	6,924,223	6,077,851
Crime Victim Compensation	16.576	1,248,069	-
Drug Court Discretionary Grant Program	16.585	69,167	-
Violence Against Women Formula Grants	16.588	964,860	453,049
Residential Substance Abuse Treatment for State Prisoners	16.593	70,315	-
State Criminal Alien Assistance Program	16.606	1,069	-
Bulletproof Vest Partnership Program	16.607	41,310	-
Project Safe Neighborhoods	16.609	76,317	74,445
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,082,872	886,867

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (continued)			
DNA Backlog Reduction Program	16.741	\$ 289,232	\$ -
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	293,576	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	40,953	38,145
Support for Adam Walsh Act Implementation Grant Program	16.750	79,120	-
Congressionally Recommended Awards	16.753	1,109,948	391,076
Harold Rogers Prescription Drug Monitoring Program	16.754	109,611	91,458
Second Chance Act Reentry Initiative	16.812	1,134,536	606,399
NICS Act Record Improvement Program	16.813	138,915	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2,779	-
Postconviction Testing of DNA Evidence	16.820	117,872	107,978
National Sexual Assault Kit Initiative	16.833	144,075	-
Body Worn Camera Policy and Implementation	16.835	65,526	65,526
Indigent Defense	16.836	24,839	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	774,331	550,632
Equitable Sharing Program	16.922	205,986	-
Unidentified Program	16.999	31,664	-
Total U.S. Department of Justice		17,521,594	9,868,712
U.S. Department of Labor			
Labor Force Statistics	17.002	466,280	-
Compensation and Working Conditions	17.005	85,485	-
<i>Employment Services Cluster</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	2,014,982	-
Jobs for Veterans State Grants	17.801	417,546	-
Total Employment Services Cluster		2,432,528	-
COVID-19 - Unemployment Insurance	17.225	\$ 444,741	-
Unemployment Insurance	17.225	90,847,749	-
Total Unemployment Insurance		91,292,490	-
Senior Community Service Employment Program	17.235	1,552,403	-
Trade Adjustment Assistance	17.245	40,637	-
<i>WIOA Cluster</i>			
WIOA Adult Program	17.258	1,588,309	-
WIOA Youth Activities	17.259	2,565,888	-
WIOA Dislocated Worker Formula Grants	17.278	2,010,234	-
Total WIOA Cluster		6,164,431	-
H-1B Job Training Grants	17.268	2,035,237	-
Reentry Employment Opportunities	17.270	80,830	-
Work Opportunity Tax Credit Program (WOTC)	17.271	66,647	-
Temporary Labor Certification for Foreign Workers	17.273	71,013	-
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	266,220	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	97,921	-
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants		364,141	-
Apprenticeship USA Grants	17.285	741,209	-
Consultation Agreements	17.504	672,716	-
Total U.S. Department of Labor		106,066,047	-
U.S. Department of Transportation			
Airport Improvement Program	20.106	151,215	-
Highway Research and Development Program	20.200	4,382,768	-
COVID-19 - Highway Planning and Construction	20.205	7,444,797	-
Highway Planning and Construction	20.205	231,561,792	-
Total Highway Planning and Construction		239,006,589	-
Highway Training and Education	20.215	179,969	-
Recreational Trails Program, Revised	20.219	39,202	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (continued)			
<i>FMCSA Cluster</i>			
Motor Carrier Safety Assistance	20.218	\$ 1,533,761	\$ -
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	793,092	-
Total FMCSA Cluster		<u>2,326,853</u>	<u>-</u>
Commercial Driver's License Program Implementation Grant	20.232	104,880	-
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240	16,409	-
<i>Federal Transit Cluster</i>			
COVID-19 - Federal Transit Formula Grants	20.507	\$ 57,279,963	-
Federal Transit Formula Grants	20.507	<u>24,908,037</u>	-
Total Federal Transit Formula Grants		82,188,000	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	<u>4,668,967</u>	-
Total Federal Transit Cluster		<u>86,856,967</u>	<u>-</u>
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509	5,912,541	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	<u>1,720,640</u>	-
Total Formula Grants for Rural Areas and Tribal Transit Program		7,633,181	-
<i>Transit Services Programs Cluster</i>			
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	4,518	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	<u>784,848</u>	-
Total Formula Grants for Rural Areas and Tribal Transit Program		<u>789,366</u>	-
Total Transit Services Programs Cluster		<u>789,366</u>	<u>-</u>
Public Transportation Innovation	20.530	208,442	-
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	2,575,395	188,359
National Priority Safety Programs	20.616	<u>1,887,499</u>	<u>129,636</u>
Total Highway Safety Cluster		<u>4,462,894</u>	<u>317,995</u>
Alcohol Open Container Requirements	20.607	1,175,180	186,695
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	54,660	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	259,389	16,318
PHMSA Pipeline Safety Program One Call Grant	20.721	<u>7,288</u>	-
Total U.S. Department of Transportation		<u>347,655,252</u>	<u>521,008</u>
Department of the Treasury			
COVID-19 - Coronavirus Relief Fund	21.019	7,426,909	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	157,045,073	48,464,559
COVID-19 - Coronavirus Capital Projects Fund	21.029	<u>3,578,815</u>	<u>3,578,815</u>
Total Department of the Treasury		<u>168,050,797</u>	<u>52,043,374</u>
Equal Employment Opportunity Commission			
Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001	<u>333,445</u>	-
Total Equal Employment Opportunity Commission		<u>333,445</u>	<u>-</u>
National Endowment for the Arts			
Promotion of the Arts Partnership Agreements	45.025	<u>845,810</u>	-
Total National Endowment for the Arts		<u>845,810</u>	<u>-</u>
Institute of Museum and Library Services			
COVID-19 - Grants to States	45.310	860,013	-
Grants to States	45.310	<u>1,063,263</u>	-
Total Grants to States		1,923,276	-
Total Institute of Museum and Library Services		<u>1,923,276</u>	<u>-</u>
National Science Foundation			
Education and Human Resources	47.076	<u>120,953</u>	-
Total National Science Foundation		<u>120,953</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
Small Business Administration			
State Trade Expansion	59.061	\$ 172,091	\$ -
Total Small Business Administration		172,091	-
Department of Veterans Affairs			
Grants to States for Construction of State Home Facilities	64.005	1,246,291	-
Veterans State Nursing Home Care	64.015	126,417	-
Total Department of Veterans Affairs		1,372,708	-
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001	1,072,655	-
State Indoor Radon Grants	66.032	35,273	-
COVID-19 - Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	\$ 236,286	-
Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	197,872	-
Total Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		434,158	-
State Clean Diesel Grant Program	66.040	56,803	-
COVID-19 - Multipurpose Grants to States and Tribes	66.204	15,600	-
Multipurpose Grants to States and Tribes	66.204	71,273	-
Total Multipurpose Grants to States and Tribes		86,873	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	1,884,900	154,402
State Public Water System Supervision	66.432	556,753	-
State Underground Water Source Protection	66.433	42,549	-
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.444	38,670	-
<i>Clean Water State Revolving Fund Cluster</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	3,948,167	-
Total Clean Water State Revolving Fund Cluster		3,948,167	-
Nonpoint Source Implementation Grants	66.460	1,504,122	749,201
Regional Wetland Program Development Grants	66.461	262,886	-
Chesapeake Bay Program	66.466	3,062,926	1,823,762
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	21,689,232	153,000
Total Drinking Water State Revolving Fund Cluster		21,689,232	153,000
Beach Monitoring and Notification Program Implementation Grants	66.472	229,070	107,520
Performance Partnership Grants	66.605	729,536	-
Hazardous Waste Management State Program Support	66.801	859,016	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	260,073	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	258,477	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	427,375	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	152,522	-
State and Tribal Response Program Grants	66.817	324,416	-
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	57,072	-
Total U.S. Environmental Protection Agency		37,973,524	2,987,885
U.S. Department of Energy			
State Energy Program	81.041	634,644	136,884
Weatherization Assistance for Low-Income Persons	81.042	864,041	787,232
Total U.S. Department of Energy		1,498,685	924,116

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002	\$	2,219,138	\$ 311,782
<i>Student Financial Assistance Programs Cluster</i>				
Federal Supplemental Educational Opportunity Grants	84.007		475,937	-
Federal Work-Study Program	84.033		122,989	-
Federal Pell Grant Program	84.063		19,294,237	-
Federal Direct Student Loans	84.268		12,563,845	-
Total Student Financial Assistance Programs Cluster			32,457,008	-
Title I Grants to Local Educational Agencies	84.010		50,224,494	-
Migrant Education_State Grant Program	84.011		546,022	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		316,374	-
<i>Special Education Cluster (IDEA)</i>				
COVID-19 - Special Education Grants to States (IDEA, Part B)	84.027	\$	611,684	
Special Education Grants to States (IDEA, Part B)	84.027		45,197,997	15,000
Total Special Education Grants to States (IDEA, Part B)			45,809,681	
COVID-19 - Special Education Preschool Grants	84.173		51,495	
Special Education Preschool Grants	84.173		1,548,841	-
Total Special Education Preschool Grants			1,600,336	-
Total Special Education Cluster (IDEA) Total			47,410,017	15,000
Higher Education Institutional Aid	84.031		431,798	-
<i>TRIO Cluster</i>				
TRIO Talent Search	84.044		296,394	-
TRIO Upward Bound	84.047		1,870,372	-
Total TRIO Cluster			2,166,766	-
Career and Technical Education -- Basic Grants to States	84.048		6,851,039	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		12,100,271	-
Migrant Education Coordination Program	84.144		62,924	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		256,851	-
COVID-19 - Special Education-Grants for Infants and Families	84.181		205,550	-
Special Education-Grants for Infants and Families	84.181		2,724,156	-
Total Special Education - Grants for Infants and Families			2,929,706	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		383,823	-
Education for Homeless Children and Youth	84.196		267,768	-
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools	84.215		59,886	-
Charter Schools	84.282		210,528	-
Twenty-First Century Community Learning Centers	84.287		5,598,324	3,012,601
Education Research, Development and Dissemination	84.305		40,579	-
Special Education - State Personnel Development	84.323		251,336	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		175,648	-
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		59,634	-
Rural Education	84.358		75,267	-
English Language Acquisition State Grants	84.365		1,314,391	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		9,887,692	-
Grants for State Assessments and Related Activities	84.369		4,332,370	-
School Improvement Grants	84.377		88,605	-
Student Support and Academic Enrichment Program	84.424		6,015,201	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education			
<i>Education Stabilization Fund</i>			
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	\$ 3,486,347	\$ -
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	47,547,421	-
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid	84.425E	6,321,066	-
COVID-19 - HEERF Institutional Aid	84.425F	11,583,570	-
COVID-19 - HEERF Strengthening Institutions Program (SIP)	84.425M	2,211,390	-
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	84.425R	1,002,684	-
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	125,397,438	-
COVID-19 - American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) Program	84.425V	1,393,269	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief -Homeless Children and Youth	84.425W	533,399	-
Total Education Stabilization Fund		\$ 199,476,584	
Total U.S. Department of Education		386,210,044	3,339,383
U.S. National Archives and Records Commission			
National Historical Publications and Records Grants	89.003	20,588	-
Total U.S. National Archives and Records Commission		20,588	-
U.S. Election Assistance Commission			
2018 HAVA Election Security Grants	90.404	1,160,926	-
Total U.S. Election Assistance Commission		1,160,926	-
U.S. Department of Health and Human Services			
COVID-19 - Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	416,806	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	20,542	-
Total Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		437,348	
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	65,590	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	160,891	-
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		226,481	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	16,681	-
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	227,762	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,370,397	-
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		1,598,159	
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1,100,058	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	4,121,909	-
Total Special Programs for the Aging, Title III, Part C, Nutrition Services		5,221,967	
Nutrition Services Incentive Program	93.053	409,282	-
Total Aging Cluster		7,229,408	-
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	153,090	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	317,771	-
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		470,861	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	\$ 73,325		\$ -
National Family Caregiver Support, Title III, Part E	93.052	<u>478,254</u>		-
Total National Family Caregiver Support, Title III, Part E			\$ 551,579	
Public Health Emergency Preparedness	93.069		5,896,118	-
Environmental Public Health and Emergency Response	93.070		232,457	-
Medical Enrollment Assistance Program	93.071		81,761	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		120,342	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		245,488	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		672,541	-
Maternal and Child Health Federal Consolidated Programs	93.110		546,122	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		260,768	-
Emergency Medical Services for Children	93.127		151,116	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		161,575	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150		184,373	53,592
Grants To States for Loan Repayment Program	93.165		70,331	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197		326,696	-
Family Planning Services	93.217		1,372,322	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		4,532,714	-
Universal Newborn Hearing Screening	93.251		219,211	-
COVID-19 - Immunization Cooperative Agreements	93.268	10,246,249		-
Immunization Cooperative Agreements	93.268	<u>17,223,162</u>		-
Total Immunization Cooperative Agreements			27,469,411	-
Viral Hepatitis Prevention and Control	93.270		115,223	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	13,887,001		-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	<u>12,990,011</u>		-
Total Epidemiology and Laboratory Capacity for Infectious Diseases			26,877,012	-
State Health Insurance Assistance Program	93.324		262,344	-
Behavioral Risk Factor Surveillance System	93.336		536,802	-
COVID-19 - Public Health Crisis Response Award	93.354	2,872,703		-
Public Health Crisis Response Award	93.354	<u>714,067</u>		-
Total Public Health Crisis Response Award			3,586,770	-
ACL Independent Living State Grants	93.369		367,814	-
National and State Tobacco Control Program	93.387		982,814	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		5,767,890	-
The State Flexibility to Stabilize the Market Grant Program	93.413		348,093	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		151,511	-
COVID-19 - 1332 State Innovation Waivers	93.423	10,821,203		-
1332 State Innovation Waivers	93.423	<u>25,898,824</u>		-
Total 1332 State Innovation Waivers			36,720,027	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		1,856,035	-
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		566,526	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478		183,876	-
COVID-19 - Community Health Workers for Public Health Response and Resilient	93.495	23,158		-
Community Health Workers for Public Health Response and Resilient	93.495	<u>437,166</u>		-
Total Community Health Workers for Public Health Response and Resilient			460,324	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
COVID-19 - Promoting Safe and Stable Families	93.556	\$ 86,187		\$ -
Promoting Safe and Stable Families	93.556	<u>1,247,446</u>		-
Total Promoting Safe and Stable Families			\$ 1,333,633	-
COVID-19 - Temporary Assistance for Needy Families	93.558	1,925,194		-
Temporary Assistance for Needy Families	93.558	<u>35,710,088</u>		-
Total Temporary Assistance for Needy Families			37,635,282	-
Child Support Enforcement	93.563		17,924,516	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		370,095	-
COVID-19 - Low-Income Home Energy Assistance	93.568	10,704,376		8,064,393
Low-Income Home Energy Assistance	93.568	<u>20,801,307</u>		18,632,176
Total Low-Income Home Energy Assistance			31,505,683	-
COVID-19 - Community Services Block Grant	93.569	1,572,923		-
Community Services Block Grant	93.569	<u>3,374,683</u>		-
Total Community Services Block Grant			4,947,606	-
<i>CCDF Cluster</i>				
COVID-19 - Child Care and Development Block Grant	93.575	1,652,819		-
Child Care and Development Block Grant	93.575	<u>25,327,402</u>		-
Total Child Care and Development Block Grant			26,980,221	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>15,705,567</u>	-
Total CCDF Cluster			42,685,788	-
COVID-19 - State Court Improvement Program	93.586	43,025		-
State Court Improvement Program	93.586	<u>308,604</u>		-
Total State Court Improvement Program			351,629	-
Grants to States for Access and Visitation Programs	93.597		96,928	-
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599	1,821		-
Chafee Education and Training Vouchers Program (ETV)	93.599	<u>69,185</u>		-
Total Chafee Education and Training Vouchers Program (ETV)			71,006	-
<i>Head Start Cluster</i>				
COVID-19 - Head Start	93.600	22,032		-
Head Start	93.600	<u>2,790,403</u>		1,691,297
Total Head Start			2,812,435	-
Total Head Start Cluster			2,812,435	1,691,297
Adoption and Legal Guardianship Incentive Payments	93.603		198,491	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630		671,871	353,671
Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639		265,120	-
Children's Justice Grants to States	93.643		79,858	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		833,803	-
Foster Care Title IV-E	93.658		4,601,810	-
Adoption Assistance	93.659		4,352,984	-
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664		278,853	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		2,090,191	405,133
Social Services Block Grant	93.667		4,692,864	-
Child Abuse and Neglect State Grants	93.669		323,591	-
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	473,401		330,943
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	<u>795,170</u>		754,027
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			1,268,571	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
Chafee Foster Care Independence Program	93.674	\$ 492,530	\$ -
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	\$ 264,597	-
Elder Abuse Prevention Interventions Program	93.747	<u>22,177</u>	-
Total Elder Abuse Prevention Interventions Program		286,774	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	133,689	-
Children's Health Insurance Program	93.767	18,394,320	-
<i>Medicaid Cluster</i>			
State Medicaid Fraud Control Units	93.775	1,846,174	-
State Survey and Certification of Health Care Providers and Suppliers	93.777	851,260	-
Medical Assistance Program	93.778	<u>2,388,480,382</u>	-
Total Medicaid Cluster		<u>2,391,177,816</u>	-
Opioid STR	93.788	38,932,867	14,037,376
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870	50,271	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	<u>3,539,228</u>	-
Total Maternal, Infant and Early Childhood Home Visiting Grant		3,589,499	
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	20,396	-
National Bioterrorism Hospital Preparedness Program	93.889	<u>870,743</u>	-
Total National Bioterrorism Hospital Preparedness Program		891,139	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organization	93.898	1,494,974	-
Foster Grandparent Program	93.912	210,074	-
Grants to States for Operation of State Offices of Rural Health	93.913	227,880	-
HIV Care Formula Grants	93.917	5,065,758	-
HIV Prevention Activities Health Department Based	93.940	1,429,120	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	325,840	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	396,404	-
COVID-19 - Block Grants for Community Mental Health Services	93.958	365,129	-
Block Grants for Community Mental Health Services	93.958	<u>1,952,611</u>	568,681
Total Block Grants for Community Mental Health Services		2,317,740	
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,065,590	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>7,847,781</u>	1,976,448
Total Block Grants for Prevention and Treatment of Substance Abuse		9,913,371	
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	76	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1,439,791	-
Preventive Health and Health Services Block Grant	93.991	137,499	-
Maternal and Child Health Services Block Grant to the States	93.994	2,029,546	-
COVID-19 - Unassigned Assistance Listing	93.999	75,425	-
Total U.S. Department of Health and Human Services		<u>2,768,613,505</u>	<u>46,867,737</u>
Corporation for National and Community Service			
COVID-19 - State Commissions	94.003	44,244	-
State Commissions	94.003	<u>297,947</u>	-
Total State Commissions		342,191	-
AmeriCorps	94.006	399,054	-
Training and Technical Assistance	94.009	125,955	-
<i>Foster Grandparent/Senior Companion Cluster</i>			
Foster Grandparent Program	94.011	183,588	-
Total Foster Grandparent/Senior Companion Cluster		<u>183,588</u>	-
Total Corporation for National and Community Service		<u>1,050,788</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
Executive Office of the President			
High Intensity Drug Trafficking Program	95.001	\$ 118,147	\$ -
Total Executive Office of the President		118,147	-
Social Security Administration			
<i>Disability Insurance/SSI Cluster</i>			
Social Security Disability Insurance	96.001	5,537,017	-
Total Disability Insurance/SSI Cluster		5,537,017	-
Total Social Security Administration		5,537,017	-
U.S. Department Homeland Security			
Non-Profit Security Program	97.008	415,382	370,405
Boating Safety Financial Assistance	97.012	1,022,275	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	94,619	-
Flood Mitigation Assistance	97.029	143,772	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 34,569,563	32,952,824
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,982,839	1,486,497
Total Crisis Disaster Grants - Public Assistance (Presidentially Declared Disasters)		36,552,402	
Hazard Mitigation Grant	97.039	102,605	-
National Dam Safety Program	97.041	64,626	34,674
COVID-19 - Emergency Management Performance Grants	97.042	731,527	-
Emergency Management Performance Grants	97.042	2,813,514	957,559
Total Emergency Management Performance Grants		3,545,041	
Assistance to Firefighters Grant	97.044	318,703	-
Cooperating Technical Partners	97.045	23,328	-
Pre-Disaster Mitigation	97.047	434,103	320,871
Port Security Grant Program	97.056	682,642	-
Homeland Security Grant Program	97.067	4,014,119	393,824
Presidential Residence Protection Security Grant	97.134	1,549,657	649,482
Total U.S. Department Homeland Security		48,963,274	37,166,136
<i>Research and Development Cluster</i>			
U.S. Department of Commerce			
Coastal Zone Management Estuarine Research Reserves	11.420	815,305	-
National Science Foundation			
Integrative Activities	47.083	190,250	-
U.S. Department of Energy			
Conservation Research and Development	81.086	4,500	-
U.S. Department of Health and Human Services			
Food and Drug Administration Research	93.103	356,373	32,444
COVID-19 - Injury Prevention and Control Research and State and Community Based Programs	93.136	4,835	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	6,947,694	-
Total Injury Prevention and Control Research and State and Community Based Programs		6,952,529	
Biomedical Research and Research Training	93.859	73,755	-
Total Research and Development Cluster		8,392,712	32,444
Total Expenditures of Federal Awards		\$ 4,439,595,005	\$ 174,105,195

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of State of Delaware under programs of the federal government for the year ended June 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents operations of the State of Delaware, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of those programs administered by the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation.

Basis of Accounting

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE PROGRAMS

Federally guaranteed loans issued to students of Delaware Technical and Community College (the College) by financial institutions during the year ended June 30, 2023 totaled \$32,457,008. This amount is included on the SEFA (Assistance Listing # 84.007, 84.033, 84.063, 84.268).

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

**STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 3 REVOLVING LOAN FUNDS

The Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are revolving loan funds. Federal funded new loans provided under these programs are included as expenditures on the schedule of expenditures of federal awards. The State had the following loan balances outstanding at June 30, 2023:

	Assistance Listing	Amounts Outstanding
Clean Water State Revolving Fund	66.458	\$ 243,467,897
Drinking Water State Revolving Fund	66.468	102,807,792
Total		\$ 346,275,689

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

NOTE 4 UNEMPLOYMENT INSURANCE FUNDS

State Unemployment tax revenues and the government and nonprofit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as well as federal funds are reported in the SEFA under Assistance Listing number 17.225. The claim payments included in the SEFA at June 30, 2023 were \$91,292,490.

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:

	Assistance Listing	Amounts
Pandemic EBT - Food Benefits	10.542	\$ 50,117,586
Supplemental Nutrition Assistance Program (EBT Payments)	10.551	313,307,623
Emergency Food Assistance Program (Commodities)	10.569	2,090,056
Food for Education (Commodities)	10.608	7,153,180
Immunization Grants (Vaccines)	93.268	13,984,180

NOTE 6 SUBRECIPIENTS

The amount of expenditures paid to subrecipients was \$174,105,195 for the year ended June 30, 2023.

**STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 7 RESEARCH AND DEVELOPMENT

The total direct amount expended for Research and Development was \$8,392,713 for the year ended June 30, 2023.

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

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2023, \$1,205,368 of approved eligible expenditures that were disbursed in a prior year are included on the schedule.

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

During fiscal year 2023, the State received cash rebates from infant formula manufacturers in the amount of \$5,341,943 on sales of formula to participants in the WIC program (Assistance Listing 10.557), which are netted against total expenditures included in the schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

NOTE 10 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)

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

	Amounts
CCDBG	\$ 25,327,402
CCDF Mandatory and Matching	15,705,567
CCDF CARES	940,916
CCDF ARP	711,903
Total	\$ 42,685,788

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued:

Summary of Opinions

Opinion Unit

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental – General Fund	Unmodified
Governmental – Federal Fund	Unmodified
Governmental – Local School District Fund	Unmodified
Governmental – Capital Projects Fund	Unmodified
Enterprise – Lottery Fund	Unmodified
Enterprise – DelDOT Fund	Unmodified
Enterprise – Unemployment Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified

2. Internal control over financial reporting:

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

3. Noncompliance material to financial statements noted?

 yes x no

Federal Awards

1. Internal control over major federal programs:

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

2. Type of auditors’ report issued on compliance for major federal programs:

See Below

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

 x yes no

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

\$ 13,318,785

Auditee qualified as low-risk auditee?

 yes x no

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Federal Programs

Major Programs	Assistance Listing	Opinion
Child and Adult Care Food Program	10.558	Unmodified
Unemployment Insurance	17.225	Qualified
Highway Planning and Construction	20.205	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Qualified
DWSRF Cluster	66.468	Unmodified
Special Education Cluster (IDEA)	84.027, 84.173	Unmodified
Education Stabilization Fund	84.425C,D,E,F,M ,R,U,V	Unmodified
Low-Income Home Energy Assistance	93.568	Unmodified
Childrens Health Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Opioid STR	93.788	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Qualified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings

Finding 2023-001

Department of Labor – Division of Unemployment

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

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

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

Condition

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

In summary, the results of our audit procedures identified several material misstatements to various accounts and balances that are indicative of systemic accounting and financial reporting deficiencies in internal control, which ultimately led to a disclaimer of opinion over the Unemployment Insurance Trust Fund and Business-type Activities. The following details the material misstatements and control deficiencies identified:

Cash

Procedures are not in place to reconcile cash on a monthly basis between the book balance to the bank balance, rather all year end cash accounts were adjusted to agree to the June 30 bank statements. Procedures are not in place to ensure bank accounts opened are included in the general ledger system. Four bank accounts were discovered by external consultants to have been opened in DOLUI's name during the prior fiscal year. Only one of these accounts was included in the current fiscal year's yearend trial balance, despite knowledge of these accounts. Procedures are not in place to monitor and regularly update authorized signers on DOLUI's bank accounts.

Accounts Receivable/ Taxes Receivable/ Accounts Payable

Procedures are not in place to reconcile these account balances on a monthly basis. System generated reports do not agree to the amounts reported on the trial balance, in some cases these variances were significant. Various system generated reports also did not agree to each other making it difficult to rely on any of the information. Some account balances on the trial balance were not able to be supported by detailed reports, DOLUI was unsure if those account balances were accurately stated or not. In relation to the significant cash account that was not recorded, DOLUI noted a corresponding payable account should have also been reported but was not, resulting in an understatement of liabilities.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

Allowance for Doubtful Accounts

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

Revenues and Expenses

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

Criteria

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

Effect

As identified above, material errors were detected through the audit process due to a pervasive lack of internal controls over the financial reporting process, leading to a disclaimer of opinion over the Unemployment Insurance Trust Fund and Business-type Activities. These issues also resulted in a delay in issuing the State's ACFR by December 31, 2023.

Cause

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

Recommendation

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

Views of Responsible Officials and Corrective Actions

Management concurs with the findings. Due to significant staff turnover and knowledge loss within the Department of Labor Unemployment Division, standard processes were not completed in a timely manner, thus resulting in the identified deficiencies. The State's Department of Finance Division of Accounting engaged an external accounting firm to assist with the identified deficiencies. The tasks assigned to this firm include the reconciliation efforts for fiscal year 2023, detailed accounting processes for fiscal year 2024, the development of policies and procedures to enhance future workflow processes and provide training to staff. This project commenced on February 7, 2024. The Department of Labor is committed to working with the outside partner to resolve all deficiencies and improve processes for future years. We estimate reconciliation efforts for fiscal year 2023 to be completed by May 30, 2024, and the fiscal year 2024 efforts to be completed by August 30, 2024 to ensure a timely fiscal year 2024 audit.

Responsible Official:

Darryl Scott, Director, Division of Unemployment Insurance

Implementation Date:

May 30, 2024

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

Matrix of Findings by Federal Agency and Federal Program

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding #	Internal Control		Compliance
				Material Weakness	Significant Deficiency	
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-002	X		X
Medicaid Cluster; Children's Health Insurance Program	U.S. HHS (93)	93.775, 93.777, 93.778, 93.767	2023-003	X		X
Medicaid Cluster; Children's Health Insurance Program	U.S. HHS (93)	93.775, 93.777, 93.778, 93.767	2023-004		X	X
Opioid STR	U.S. HHS (93)	93.788	2023-005	X		X
Opioid STR	U.S. HHS (93)	93.788	2023-006	X		X
Opioid STR	U.S. HHS (93)	93.788	2023-007	X		X
Block Grants for Prevention and Treatment of Substance Abuse	U.S. HHS (93)	93.959	2023-008	X		X
Block Grants for Prevention and Treatment of Substance Abuse	U.S. HHS (93)	93.959	2023-009		X	X
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2023-010		X	X
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2023-011		X	X
DWSRF Cluster	U.S. EPA (66)	66.468	2023-012		X	X
Special Education Cluster (IDEA)	U.S. DOE (84)	84.027, 84.173	2023-013		X	X
Coronavirus State and Local Fiscal Recovery Funds	U.S. TREAS (21)	21.027	2023-014	X		X
Coronavirus State and Local Fiscal Recovery Funds	U.S. TREAS (21)	21.027	2023-015		X	X
Low-Income Home Energy Assistance Program	U.S. HHS (93)	93.568	2023-016		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-017	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-018	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-019	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-020		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-021		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-022		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-023		X	
Unemployment Insurance	U.S. DOL (17)	17.225	2023-024		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-025		X	X

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-002
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: Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205DE5MAP (10/1/2021 – 9/30/2022), 2305DE5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement: Special Tests and Provisions – Provider Health and Safety Standards
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

Condition:

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

Context:

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

- For 10 of 40 provider files, the application or revalidation application provided was not sufficient to verify that the provider met the health and safety standards.
- For 23 of 40 providers selected, documentation was not available for review.

Questioned costs:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Cause:

The Division's procedures and internal controls were not sufficient to ensure that it verified providers met prescribed health and safety standards.

Effect:

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

Recommendation:

The Division should reevaluate its current process and perform additional training for verifying that providers meet health and safety standards. The Division should implement additional controls, including more thorough reviews and supervision over the process.

Views of responsible officials:

The Division will continue to evaluate with priority the improvement of procedures and controls over monitoring provider health and safety standards to ensure that Medicaid services are provided in facilities that meet all requirements. DMMA will continue to work to improve the maintaining of supporting documentation and completing reviews in a timely manner.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-003
Prior Year Finding: 2022-021
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Medicaid and Medical Assistance
Federal Program: Children’s Health Insurance Program
Medicaid Cluster
Assistance Listing Number: 93.767, 93.775, 93.777, 93.778
Award Number and Year: 2205DE5021 (10/1/2021 – 9/30/2023),
2205DE5MAP (10/1/2021 – 9/30/2022), 2305DE5MAP (10/1/2022 –
9/30/2023)
Compliance Requirement: Special Tests and Provisions – Provider Eligibility
Type of Finding: Material Weakness in Internal Control over Compliance, Material
Noncompliance

Criteria or specific requirement:

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

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

Condition:

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

Context:

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

- For 27 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, 2023**

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

- For the same 27 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.
- For 22 of 60 providers, documentation was unavailable to support that the Division ensured the provider was not on the OIG's exclusion list at the time services were provided.

Questioned costs:

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

Cause:

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

Effect:

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

Recommendation:

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

Views of responsible officials:

The Division is continually reevaluating the current process for validating provider eligibility. The Division plans to have more focused discussions with the three Medicaid managed care network providers and additional training for determining and monitoring provider eligibility will remain under constant examination and search for best practices. More thorough reviews and supervision being placed around the provider eligibility processes will continue to be a priority goal.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-004
Prior Year Finding: 2022-020
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Medicaid and Medical Assistance
Federal Program: Children’s Health Insurance Program
Medicaid Cluster
Assistance Listing Number: 93.767, 93.775, 93.777, 93.778
Award Number and Year: 2205DE5021 (10/1/2021 – 9/30/2023)
2205DE5MAP (10/1/2021 – 9/30/2022), 2305DE5MAP (10/1/2021 – 9/30/2023)
Compliance Requirement: Special Tests – Managed Care Financial Audit
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The state must periodically, but no less frequently than once every three years, conduct, or contract for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each managed care organization (MCO) and post the results of these audits on its website (42 CFR section 438.602(e)).

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

Condition:

The Division of Medicaid and Medical Assistance (Division) did not post results of managed care financial audits on its website.

Context:

For the two MCOs within the state, the Division contracted for independent audits of the providers, but did not post the results of those audits on its website as required.

Questioned costs:

None noted.

Cause:

The Division does not have sufficient procedures or controls in place to ensure that the results of independent audits MCOs are posted to its website once completed.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

The results of independent audits of MCOs are not publicly available.

Recommendation:

The Division should implement procedures and controls to ensure that it posts the results of audits of MCOs to their website when the audits have been completed.

Views of responsible officials:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-005
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Substance Abuse and Mental Health
Federal Program: Opioid STR
Assistance Listing Number: 93.788
Award Number and Year: 5H79TI083305 (9/30/2020 – 9/29/2022), 1H79TI085764 (9/30/2022 – 9/29/2024)
Compliance Requirement: Period of Performance
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

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

Unless the federal awarding agency or pass-through entity authorizes an extension, a non-federal entity must liquidate all financial obligations incurred under the federal award not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (2 CFR section 200.344(b)). When used in connection with a non-federal entity's utilization of funds under a federal award, "financial obligations" means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period (2 CFR section 200.1).

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

Condition:

The Division of Substance Abuse and Mental Health (Division) charged costs to federal grants that were not within the allowable period of performance.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Context:

Eight of nine expenditure transactions selected for testing were incurred prior to the award's period of performance start date. Expenditures were incurred from 1 to 90 days before the start date.

Twenty-one of forty expenditure transactions selected for testing were incurred after the award's period of performance end date. Expenditures were incurred from 32 to 213 days after the end date.

Cause:

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

Effect:

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

Questioned costs:

\$94,747, the amount expended prior to the start date of the grant's period of performance.

\$728,070, the amount expended after the end date of the grant's period of performance.

Recommendation:

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

Views of responsible officials:

The Division will reevaluate its current process, implement proper controls, and perform additional training of staff regarding period of performance compliance requirements.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-006
Prior Year Finding: 2022-023
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Substance Abuse and Mental Health
Federal Program: Opioid STR
Assistance Listing Number: 93.788
Award Number and Year: H79TI083305 (9/30/2020 – 9/29/2023), H79TI085764 (9/30/2022 – 9/29/2024)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: 2 CFR §200.332 - 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 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.
- (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;
 - (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.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

- (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.
 - (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 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.

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

Condition:

The Division of Substance Abuse and Mental Health (Division) was unable to provide support that subawards it issued contained all required federal information nor that it properly monitored its subrecipients.

Context:

Eight subrecipients were selected for testing, and the following exceptions were noted:

- Seven of eight subaward agreements were missing the following required information:
 - Subrecipient name (which must match the name associated with its unique entity identifier).
 - Subrecipient's unique entity identifier.
- One of eight subaward agreements was missing the following required information:
 - Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).
 - Indirect cost rate for the Federal award (including if the de minimis rate is charged) per section 200.414.
- For three of eight subrecipients, the Division was unable to provide support that it conducted during the award monitoring as required by the Division's policies and procedures.
- For two of eight subrecipients, the Division was unable to provide support that it had verified that the subrecipients were audited as required by Subpart F.

Questioned costs:

Undetermined.

Cause:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

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

Not conducting during the award monitoring may result in a failure of the Division to detect that its subrecipients used subawards for unauthorized purposes, managed them in violation of the terms and conditions of the subawards, or that subaward performance goals were not achieved.

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

Recommendation:

The Division should review and enhance internal controls and procedures to ensure that all required information is included in all subawards, that proper subrecipient monitoring is conducted, and that evaluation of independent audits is performed.

Views of responsible officials:

The Division has been working to implement corrective action, as this was a prior finding. The implementation timeline overlapped into the current audit period. DSAMH continues to review its processes for improvement and to enhance internal controls and procedures to ensure that all required information is included in all subawards and provided to the subrecipients, that proper subrecipient monitoring is conducted, and that evaluation of independent audits is performed.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-007
Prior Year Finding: 2022-022
Federal Agency: U.S. Department of Health and Human Services
State Department Name: Department of Health and Social Services
State Division Name: Division of Substance Abuse and Mental Health
Federal Program: Opioid STR
Assistance Listing Number: 93.788
Award Number and Year: H79TI083305 (9/30/2020 – 9/29/2023), H79TI085764 (9/30/2022 – 9/29/2024)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Condition:

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

Context:

Zero of eight subawards selected for testing were reported to FSRS. Total subawards tested were \$29,315,199, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	8	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$29,315,199	\$29,315,199	\$0	\$0	\$0

Cause:

The Division’s policies and procedures were not sufficient to ensure that required subaward information was reported to FSRS. Internal controls did not prevent or detect the errors.

Effect:

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

Questioned costs:

None noted.

Recommendation:

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

Views of responsible officials:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-008
Prior Year Finding: 2022-025
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, COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse
Assistance Listing Number: 93.959
Award Number and Year: B08TI083060 (10/1/2019 – 12/29/2022), 1B08TI084683 (10/1/2021 – 9/30/2023), 21B1DESAP (3/15/2021 – 6/14/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

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

Context:

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

- 2 of 3 subawards were not reported to FSRS.
- 1 of 3 subawards was not reported timely to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
3	2	1	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$10,152,651	\$9,925,121	\$227,530	\$0	\$0

Cause:

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

Effect:

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

Questioned costs:

None noted.

Recommendation:

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

Views of responsible officials:

The Division will reevaluate its current process, implement proper controls for FFATA reporting Standards to include supervisory review and ensure subawards are reviewed timely. In addition, staff will be assigned to verify information prior to being keyed into FSRS including a monthly review to confirm information has been properly submitted.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-009
Prior Year Finding: 2022-024
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
Assistance Listing Number: 93.959
Award Number and Year: B08TI083060 (10/1/2019 – 12/29/2022),
1B08TI084683 (10/1/2021 – 9/30/2023),
21B1DESAP (3/15/2021 – 6/14/2023)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

Condition:

The Division of Substance Abuse and Mental Health (Division) was not able to provide support that it furnished all required information to its subrecipients at the time of subaward.

Context:

For two of three subaward agreements issued by the Division, the following required information was missing:

- Subrecipient name (which must match the name associated with its unique entity identifier).
- Subrecipient’s Unique Identifier.

Questioned costs:

Undetermined.

Cause:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

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

Recommendation:

The Division should review and enhance internal controls and procedures to ensure that all required information is included in all subaward agreements.

Views of responsible officials:

The Division has been working to implement corrective action, as this was a prior finding. The implementation timeline overlapped into the current audit period. DSAMH continues to review its processes for improvement and to enhance internal controls and procedures to ensure that all required information is included in all subawards and provided to the subrecipients, that proper subrecipient monitoring is conducted, and that evaluation of independent audits is performed.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-010
Prior Year Finding: 2022-028
Federal Agency: U.S. Department Homeland Security
State Department Name: Department of Safety and Homeland Security, Federal Emergency Management Agency (FEMA)
State Division Name: Delaware Emergency Management Agency (DEMA)
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters), COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Award Number and Year: 4526-DR-DE (2023), 4566-DR-DE (2023), 4627-DR-DE (2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Condition:

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

Context:

Zero of eight subawards selected for testing were reported to FSRS timely.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	8	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$14,748,083	\$0	\$14,748,083	\$0	\$0

Cause:

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

Effect:

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

Questioned costs:

None noted.

Recommendation:

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

Views of responsible officials:

DEMA is updating processes to include proper reporting procedures as outlined by the auditors for subgrant revisions. We have also hired a contractor and brought in additional help to ensure we are submitting reports in a timely manner. This has been an ongoing process to implement new procedures including grant training, a new grant management software still in the process of implementing, and creating guides for FFATA reporting. We have made many improvements over the past year and continue to implement these changes to meet internal controls and compliance for FFATA reporting.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-011
Prior Year Finding: 2022-029
Federal Agency: U.S. Department Homeland Security
State Department Name: Department of Safety and Homeland Security, Federal Emergency Management Agency (FEMA)
State Division Name: Delaware Emergency Management Agency (DEMA)
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters), COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Award Number and Year: 4526-DR-DE (2023), 4566-DR-DE (2023), 4627-DR-DE (2023)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

Condition:

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

Context:

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

Questioned costs:

Undetermined.

Cause:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

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

Recommendation:

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

Views of responsible officials:

There is no disagreement with the audit finding. DEMA's subrecipient award template has been updated to include the correct federal award identification number (FAIN).

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

Reference Number: 2023-012
Prior Year Finding: No
Federal Agency: U.S. Environmental Protection Agency
State Department Name: Department of Natural Resources and Environmental Control
State Division Name: DNREC, Division of Water and DHSS, Division of Public Health
Federal Program: DWSRF Cluster
Assistance Listing Number: 66.468
Award Number and Year: SAI000003756 (10/1/2018 – 9/30/2025), SAI000004294 (10/1/2019 – 9/30/2026), SAI000004529 (10/1/2020 – 9/30/2027), SAI000005000 (10/1/2021 – 9/30/2028),
Compliance Requirement: Allowable Cost/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

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

Condition:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Context:

For eight of forty timesheets selected for testing, the Divisions were unable to provide documentation of supervisory approval.

Questioned costs:

Undetermined.

Cause:

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

Effect:

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

Recommendation:

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

Views of responsible officials:

There is no disagreement with the audit finding.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-013
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Department Name: Department of Education
School District: Indian River
Federal Program: Special Education Cluster
Assistance Listing Number: 84.027, 84.173
Award Number and Year: SAI000004394 (9/4/2020 – 12/30/2022), SAI000004875 (8/4/2021 – 1/30/2024), SAI000005309 (8/11/2022 – 1/30/2025)
Compliance Requirement: Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

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

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

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

Condition:

The suspension and debarment status of vendors with expenditures exceeding \$25,000 was not verified as required by federal regulations.

Context:

Two of ten vendors selected for testing were procured by the Indian River School District (District). The District was unable to provide documentation that it had verified the suspension and debarment status before entering into covered transactions with the vendors.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Questioned costs:

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

Cause:

The District's procedures and internal controls over suspension and debarment are not sufficient to ensure that all vendors' suspension and debarment status was verified timely.

Effect:

Failure to verify the suspension and debarment status of vendors may result in the procurement of goods or services from vendors that are suspended or debarred and result in unallowable expenditures charged to the program.

Recommendation:

The District should ensure policies and procedures include the three options for determining suspension and debarment status listed in 2 CFR 180.300 and that controls are sufficient to ensure that the suspension and debarment status is verified for all vendors prior to entering into covered transactions.

Views of responsible officials:

The District has developed, and is in the process of finalizing and providing staff training on, policies and procedures related to verifying, tracking, and documenting the suspension and debarment status of vendors that are intended to be paid with federal funds.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-014
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Department Name: Office of the Governor
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP0139 (3/3/2021 – 12/31/2024)
SLFRP2629 (3/3/2021 – 12/31/2024)
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

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

Such written justifications must include the following elements:

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

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

Condition:

Capital project justifications were not maintained and available for audit or did not include all required elements.

Context:

For sixteen of sixteen projects with capital expenditures greater than or equal to \$10 million, project justifications were not available for audit. The justifications are not included on the reports generated by the U.S. Treasury’s reporting system and the Office of the Governor (Office) did not maintain documentation of the justifications reported.

For four of eight projects selected for testing with capital expenditures greater than or equal to \$1 million but less than \$10 million, the justifications maintained in the project files did not include all required elements. Specifically, the following required elements were missing:

- (ii) Explain why a capital expenditure is appropriate; and

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

- (iii) Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.

Cause:

Procedures and internal controls were not operating effectively to ensure that capital project justifications for projects greater than \$10 million were available for audit. Reports produced by the U.S. Treasury reporting system do not include the written justifications reported and the Office did not retain documentation of the written justifications reported for these projects.

Procedures and internal controls for projects between \$1 and \$10 million were not operating effectively to ensure that the written justifications maintained in project files met all requirements of the program.

Effect:

Auditors were unable to validate the written justifications reported to Treasury by the Office for projects with capital expenditures greater than \$10 million. Written justifications maintained in project files did not meet program requirements for projects with capital expenditures between \$1 and \$10 million.

Questioned costs:

Undetermined.

Recommendation:

We recommend that the Office enhance its procedures and internal controls regarding the development, retention, and reporting of capital project justifications. The Office should ensure that it retains documentation of capital project justifications reported to Treasury for projects with capital expenditures greater than \$10 million. The Office should also develop procedures and controls regarding written justifications for projects with capital expenditures between \$1 and \$10 million to ensure that the written justifications are maintained in project files and meet all requirements of the program. The Office should provide training of State agency personnel and conduct periodic reviews of the written capital project justifications.

Views of responsible officials:

ARPA staff concur with the findings associated with capital justification reporting and detail. Following the submission of the quarterly ARPA SLFRF Project and Expenditure report United States Treasury's system-generated PDF report does not produce the capital justifications to be verified by auditors. Beginning with the March 31, 2023, ARPA SLFRF Project and Expenditure submission, ARPA staff will capture the entry and submission of capital justifications in UST's reporting system by taking screen captures of each justification during the period. Due to the limitations of the Treasury's reporting system, manually saving individual submission verifications is the only available and auditable support. The state will begin saving capital justifications for the reporting period ending March 31, 2023, during the entry period of April 2024. Please note this system deficiency creates a substantial administrative burden during an already sizeable and brief reporting timeframe. Furthermore, during the second and third quarters of calendar year 2024, the state will begin reviewing and further data collection for capital justifications that are deemed insufficient following intensive analysis and review. ARPA staff will have the enhanced justifications provided by state and subrecipient partners documented and captured for the reporting period ending June 30, 2024, and submitted by July 2024.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-015
Prior Year Finding: 2022-011
Federal Agency: U.S. Department of the Treasury
State Department Names: Department of Technology & Information
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Number and Year: SLFRP0139 (3/3/2021 – 12/31/2024)
SLFRP2629 (3/3/2021 – 12/31/2024)
Compliance Requirement: Procurement, Suspension & Debarment
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

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

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

- (5) Demonstrated ability;
- (6) Familiarity with public work and its requirements; or
- (7) Distribution of work to individuals and firms or economic considerations.
- (g) In addition to the above, other criteria necessary for a quality, cost-effective project may be utilized.
- (h) Each project shall be given individual attention, and a weighted average may be applied to criteria according to its importance to each project.
- (i) For the selection process described in § 6982(b) of this title, price may be a criteria used to rank applicants under consideration.

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

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

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

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

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

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

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Condition:

The Department did not provide support that the suspension and debarment status of a vendor was checked before the contract was awarded.

Context:

For one of fifteen contracts selected for testing, the suspension and debarment status of the vendor was not documented for that contract.

Questioned costs:

Undetermined.

Cause:

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

Effect:

The Department is not compliant with federal and state procurement, suspension & debarment requirements. Failure to adhere to procurement, suspension & debarment policies and procedures may result in obtaining goods or services under terms that are not in the best interest of the federal program and/or the State.

Recommendation:

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

Views of responsible officials:

The Delaware Department of Technology and Information (DTI) has already implemented changes in line with the Auditor's Finding and will continue to ensure that procurement practices meet state and federal requirements. Ongoing meeting, training, and monitoring have helped and will continue to help DTI staff achieve compliance.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-016
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 State Service Centers
Federal Program: Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2201DELIEI (10/1/2021 – 9/30/2022), 2201DELIE4 (10/1/2021 – 9/30/2023)
Compliance Requirement: Period of Performance
Type of Finding: Significant Deficiencies in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: At least 90 percent of the LIHEAP block grant funds payable to the grant recipient must be obligated in the first federal fiscal year in which they are awarded. Up to 10 percent of the funds payable may be held available (or “carried over”) for obligation no later than the end of the following federal fiscal year. Funds not obligated by the end of the second fiscal year of the award must be returned to the Administration for Children and Families (ACF).

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

Condition:

The Division of State Service Centers (Division) did not obligate grant funds by the end of the first year’s period of performance.

Context:

For three grant awards, the end of the first year of the grants’ period of performance was 9/30/2022. Two of three awards did not obligate at least 90% of the total award by the end of the first year. Therefore, 100% of the awards were carried forward which exceeds the 10% allowable carryforward percentage. The funds not obligated were not returned to ACF as required.

Cause:

The Division’s procedures and internal controls were not operating sufficiently to ensure that the Division complied with grant award obligation and carryforward requirements.

Effect:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Questioned costs:

Undetermined.

Recommendation:

The Department should review and enhance its procedures and internal controls to ensure that it obligates at least 90% of an award's funds by the end of the first fiscal year. We further recommend that the Department return \$356,283 to ACF which is the total amount of the grant awards not obligated by 9/30/2022.

Views of responsible officials:

The Division will review and enhance internal controls to ensure the program properly obligates funds awarded to meet all grant compliance requirements. An additional level of review will be added to the procedures as part of the improvement process.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-017
Prior Year Finding: 2022-004
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Special Tests and Provisions – UI Benefit Payments
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

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

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Condition:

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

Context:

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

- For 2 of 7 weeks selected, Claims Paid investigations were not performed.
- For 4 of 7 weeks selected, Monetary Disqualifying investigations were not performed.
- For 5 of 7 weeks selected, Separation Disqualifying investigations were not performed.
- For 5 of 7 weeks selected, Non-Separation Disqualifying investigations were not performed.

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

- 25% of cases tested (5 of 20 cases) were closed within 60 days which is less than the required 70%.
- 35% of cases tested (7 of 20 cases) were closed within 90 days which is less than the required 95%.
- 45% of cases tested (9 of 20 cases) were closed within 120 days which is less than the required 98%.
- The remaining 55% of cases tested (11 of 20 cases) were closed between 124 and 532 days.

Questioned costs:

Undetermined.

Cause:

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

Effect:

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

Recommendation:

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

Views of responsible officials:

Management concurs with the finding and will take appropriate actions to ensure its process and controls are enhanced to ensure the claim and case investigations are completed timely and in accordance with the time limits established in the ETA Handbook No. 395. The Division management will also request the Secretary of Labor explore with her counterpart, the Secretary of HR, an expeditious review and approval of the Division's reclassification request for this team. The Division will renew its request of U.S. DOL for merit staff waiver, to allow the use of non-merit staff until merit staff can be recruited and trained.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

Reference Number: 2023-018
Prior Year Finding: 2022-005
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Special Tests and Provisions – Employer Experience Rating
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

Condition:

The Division incorrectly calculated employer experience ratings. Quarterly tax reports contained employer payments that were made at a rate inconsistent with the assigned contribution rate. In addition, merit rates and quarterly tax reports were not provided. Therefore, compliance with employer experience rating could not be verified.

Context:

Exceptions noted in 20 of 60 employer experience rates selected for testing.

Questioned costs:

Undetermined.

Cause:

The Division’s procedures and controls were not sufficient to ensure that support for employer experience ratings was maintained and available for audit.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

Incorrect employer experience rates were applied to employers.

Recommendation:

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

Views of responsible officials:

Management concurs with the finding and will take appropriate actions to ensure that its procedures and controls are enhanced to ensure proper calculation of the employer UI tax rate, and that documentation to support its computation, review and notifications are maintained and available for audit.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-019
Prior Year Finding: 2022-006
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Reporting – ETA 2208A, Quarterly UI Above-Base Report
Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:

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

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

Condition:

The Division of Unemployment Insurance (Division) was unable to provide documentation that agreed with the ETA 2208A – Quarterly UI Above-Base Reports.

Context:

Documentation supporting the 9/30/2022 and 3/31/2023 quarterly ETA 2208A reports was either unavailable for testing or did not agree with the submitted report.

- The 9/30/2022 ETA 2208A report did not agree with supporting documentation.
- The Division did not retain documentation supporting the 3/31/2023 ETA 2208A report. Auditors were not able to verify the information reported nor could auditors verify if the report had been reviewed and approved prior to submission.

Questioned costs:

Undetermined.

Cause:

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

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

Effect:

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

Recommendation:

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

Views of responsible officials:

Management concurs with this finding and will review and update its reporting documentation and controls to ensure the ETA 2208A – Quarterly UI Above-Base Reports tie to support, supporting documentation is maintained and readily available for audit, and that the review and approval, prior to submission, is documented.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-020
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI39457SB0 (10/1/2022 – 9/30/2024); UI35936JU0 (1/1/2021 – 9/30/2022)
Compliance Requirement: Period of Performance
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

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

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

Condition:

The Division of Unemployment Insurance (Division) charged costs to federal grants that were not within the allowable period of performance.

Context:

Fourteen samples were selected for testing and the following exceptions were noted:

- 1 of 14 transactions was incurred prior to the beginning of the period of performance. The period of performance began on 10/1/2022 and costs were incurred on 9/26/2022.
- 1 of 14 transactions was incurred after the end of the period of performance. The period of performance ended on 9/30/2022 and the cost was incurred on 10/2/2022.

Questioned costs:

\$19,418 represents transactions incurred and charged outside the award's allowable period of performance.

Cause:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

Costs could be deemed unallowable by the awarding agency if funds are expended outside of the allowable period of performance.

Recommendation:

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

Views of responsible officials:

Management concurs with the finding. The Division will enhance its internal controls to ensure that it charges expenditures to the program that are incurred within an award's allowable period of performance.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-021
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Allowable Cost/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

- (vi) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (vii) Be incorporated into the official records of the non-Federal entity;
- (viii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (ix) 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;
- (x) Comply with the established accounting policies and practices of the non-Federal entity;
- (viii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

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

Condition:

Time and effort documentation did not match the allocation of salaries and wages charged to the program.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Context:

For three of forty timesheets selected for testing, the supporting payroll documentation did not match amounts charged to the program.

Questioned costs:

\$399 which represents the difference between the supporting payroll documentation and the amounts charged to the program.

Cause:

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

Effect:

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

Recommendation:

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

Views of responsible officials:

Management concurs with the finding and will reevaluate its current processes, controls, and training related to its time and effort reporting. The Division will not seek federal reimbursement unless it can substantiate the time and effort was dedicated to the federal program and documentation is readily available for audit.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-022
Prior Year Finding: 2022-009
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

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

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

Condition:

The Division of Unemployment Insurance (Division) did not maintain documentation supporting claimant eligibility.

Context:

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

- For 3 of 40 claimants, documentation could not be provided that a weekly certification occurred for the claim week.
- For 2 of 40 claimants, documentation could not be provided for the claimants’ wages during the base period used to calculate the weekly benefit amount (WBA) and maximum benefit amount (MBA). Therefore, the claimants’ WBA and MBA were unable to be verified.

Questioned costs:

Undetermined.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Cause:

The Division's procedures and internal controls were not sufficient to ensure that it issued unemployment compensation payments accurately and that documentation to support claimant eligibility was retained.

Effect:

The accuracy of benefit payment amounts could not be verified.

Recommendation:

We recommend the Division review and enhance procedures and controls to ensure that it retains documentation for claimant eligibility.

Views of responsible officials:

Management concurs with this finding and will review and enhance procedures and controls to ensure that it retains documentation for claimant eligibility.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-023
Prior Year Finding: 2022-008
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Reporting – ETA 9130, Financial Status Report, UI Programs
Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

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

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

Condition:

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

Context:

Sixteen ETA 9130 reports were selected for testing consisting of seven reports for the 9/30/2022 quarter and nine reports for the 3/31/2023 quarter. Report instructions indicate that a primary and secondary contact should prepare and review the ETA 9130 reports. The Division of Unemployment Insurance (Division) was unable to provide support for separate preparer and reviewers.

Questioned costs:

None noted.

Cause:

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

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Effect:

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

Recommendation:

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

Views of responsible officials:

Management concurs with this finding. The Division will review and enhance its procedures and internal controls to ensure the ETA 9130 reports are submitted accurately, with proper segregation of duties.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-024
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Reporting – ETA 191, Financial Status Report of UCFE/UCX
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: ETA 191, Financial Status of UCFE/UCX (OMB No. 1205-0162) is a quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific federal agencies (ET Handbook 401).

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

Condition:

The Division of Unemployment Insurance (Division) was unable to provide documentation that agreed to the ETA 191 – Financial Status Reports. In addition, segregation of duties in the preparation and review of the ETA 191 reports could not be verified.

Context:

Two quarterly reports were selected for testing. The 3/31/2023 report did not agree with supporting documentation. In addition, report instructions indicate that a primary and secondary contact should prepare and review the ETA 191 reports. The Division was unable to provide support for separate preparer and reviewers for both the 9/30/2022 and 3/31/2023 reports.

Questioned costs:

Undetermined.

Cause:

The Division’s procedures and internal controls were not sufficient to ensure that submitted ETA 191 reports agreed with supporting documentation nor that it retained supporting documentation for the separate preparer and reviewer of the reports.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

Effect:

Auditors were unable to confirm that submitted reports were accurate. In addition, inaccurate information could be reported in the ETA 191 reports if the preparer is also the reviewer ultimately responsible for submitting the reports. Errors could go undetected.

Recommendation:

We recommend the Division review and enhance procedures and internal controls to ensure that ETA 191 reports are submitted accurately, that they tie to supporting documentation, and that proper segregation of duties is maintained.

Views of responsible officials:

Management concurs with this finding and will review its procedures and internal controls to ensure that ETA 191 reports are submitted accurately, tie to supporting documentation, and proper segregation of duties are maintained.

**STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

Reference Number: 2023-025
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Department Name: Department of Labor
State Division Name: Division of Unemployment Insurance
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI347072055A10 (4/1/2020 – 6/30/2023), UI372152255A10 (10/1/2021 – 12/31/2024), UI393142355A10 (10/1/2022 – 12/31/2025)
Compliance Requirement: Special Tests and Provisions – Match with IRS 940 FUTA Tax Form
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 26 CFR sections 31.3302(a)-3(a), states are required to annually certify for each taxpayer the total amount of contributions required to be paid under the state law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the Federal Unemployment Tax Act (FUTA). In order to accomplish this certification, states annually perform a match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form.

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

Condition:

The IRS 940 FUTA tax form did not agree with supporting documentation.

Context:

For one of forty employers selected for testing, taxable wages did not agree to the IRS 940 FUTA tax form.

Questioned costs:

Undetermined.

Cause:

The Division's procedures and controls were not sufficient to ensure that IRS 940 FUTA tax form requirements were complete and accurate.

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

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

Effect:

The Division did not accurately perform a match of employer tax payments with credit claimed for these payments on the employers' IRS 940 FUTA tax forms. Taxable wages used by the Division did not agree to the IRS matching result file.

Recommendation:

We recommend the Division review and enhance procedures and controls to ensure that it performs an annual match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form and that this match is complete and accurate.

Views of responsible officials:

Management concurs with this finding.