

**CITY OF WILMINGTON, DELAWARE**

**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND INDEPENDENT  
AUDITOR'S REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND THE UNIFORM GUIDANCE**

**JUNE 30, 2020**

**CITY OF WILMINGTON, DELAWARE**  
**TABLE OF CONTENTS**  
**JUNE 30, 2020**

	<u>Page No.</u>
<b>Independent Auditor's 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</b>	1
<b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	4
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Audit Findings and Corrective Action Plans	23
Corrective Action Plans	27



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

---

[www.belfint.com](http://www.belfint.com)

---

***Independent Auditor's 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***

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2021. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Course Corporation, Wilmington UDAG Corporation, and Riverfront Wilmington Business Improvement District, and the blended component units, Wilmington Park Trust Fund Commission, and Cityfest, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Riverfront Wilmington Business Improvement District, Downtown Visions, and Wilmington Park Trust Fund Commission were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Riverfront Wilmington Business Improvement District, Downtown Visions or Wilmington Park Trust Fund Commission.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a misstatement 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding 2020-001 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2020-002, 2020-003, 2020-004, 2020-005 and 2020-006 to be significant deficiencies.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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 City's Responses to Findings***

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

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Belfint, Lyons & Shurman, P.A.*

February 26, 2021  
Wilmington, Delaware



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

---

[www.belfint.com](http://www.belfint.com)

---

***Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance***

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

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

We have audited the City of Wilmington, Delaware's (City) 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 City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the following discretely presented component units: Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Course Corporation, Wilmington UDAG Corporation, Downtown Visions, Riverfront Wilmington Business Improvement District, and the blended component units, Wilmington Park Trust Fund Commission, Wilmington Neighborhood Conservancy Land Bank Corporation, Cityfest Inc., and Wilmington Housing Partnership Corporation, all of which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Course Corporation, Wilmington UDAG Corporation, Downtown Visions, Riverfront Wilmington Business Improvement District, Wilmington Park Trust Fund Commission, Wilmington Neighborhood Conservancy Land Bank Corporation, Cityfest, Inc., and Wilmington Housing Partnership Corporation, because auditors were separately engaged to perform audits, and, if required, audits in accordance with the Uniform Guidance.

***Management's Responsibility***

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

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the City 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 major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

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

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

*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 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. A

To the Honorable Mayor and Members of City Council  
City of Wilmington, Delaware

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 26, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Belfint, Lyons & Shuman, P.A.*

February 26, 2021  
Wilmington, Delaware

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Major Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Expenditures				Passed Through to Subrecipients
					Regular	ARRA	Total		
United States Department of Agriculture Food & Nutrition Service									
Passed through the Delaware Department of Education									
Evening Feeding Program (CACFP)	19P22/19P23	10.558	510176414-A4 ( C )	10/01/18 - 09/30/19	\$ 44,948	\$ -	\$ 44,948	\$ -	
Evening Feeding Program (CACFP)	20P22/20P23	10.558	510176414-A4 ( C )	10/01/19 - 09/30/20	434,963	-	434,963	-	
Summer Food Service Program for Children (SFSPC)	20P20/20P21	10.559	01-06	06/18/19 - 08/24/19	500,502	-	500,502	-	
Summer Food Service Program for Children (SFSPC)	21P20/21P21	10.559	01-06	06/18/20 - 08/24/20	1,069,438	-	1,069,438	-	
Subtotal Pass Through Delaware Department of Education					2,049,851	-	2,049,851	-	
Total United States Department of Agriculture Food & Nutrition Service					2,049,851	-	2,049,851	-	
National Oceanic and Atmospheric Administration									
Direct Programs									
National Fish and Wildlife Foundation Grant Agreement	19W14	11.473	N/A	04/01/19 - 05/01/23	2,999,972	-	2,999,972	-	
Total National Oceanic and Atmospheric Administration					2,999,972	-	2,999,972	-	
United States Department of Housing and Urban Development									
Direct Programs									
CDBG Cluster - Community Development Block Grant/Entitlement	15C01	14.218	N/A	07/01/14 - 06/30/15	409,468	-	409,468	218,707	
CDBG Cluster - Community Development Block Grant/Entitlement	16C01	14.218	N/A	07/01/15 - 06/30/16	20,236	-	20,236	-	
CDBG Cluster - Community Development Block Grant/Entitlement	17C01	14.218	N/A	07/01/16 - 06/30/17	146,288	-	146,288	-	
CDBG Cluster - Community Development Block Grant/Entitlement	18C01	14.218	N/A	07/01/17 - 06/30/18	221,233	-	221,233	-	
CDBG Cluster - Community Development Block Grant/Entitlement	19C01	14.218	N/A	07/01/18 - 06/30/19	349,626	-	349,626	91,085	
CDBG Cluster - Community Development Block Grant/Entitlement	20C01	14.218	N/A	07/01/19 - 06/30/20	1,070,171	-	1,070,171	363,717	
COVID 19 - CDBG Cluster - Community Development Block Grant/COVID Cares	CVC01	14.218	N/A	07/01/19 - 06/30/25	9,329	-	9,329	-	
Subtotal for Community Development Block Grant Cluster					2,226,351	-	2,226,351	673,509	
HOME Investments Partnership	15H01	14.239	N/A	07/01/14 - 06/30/15	134,609	-	134,609	131,793	
HOME Investments Partnership	16H01	14.239	N/A	07/01/15 - 06/30/16	1,849	-	1,849	30,000	
HOME Investments Partnership	17H01	14.239	N/A	07/01/16 - 06/30/17	12,314	-	12,314	12,314	
HOME Investments Partnership	18H01	14.239	N/A	07/01/17 - 06/30/18	28,738	-	28,738	34,316	
HOME Investments Partnership	19H01	14.239	N/A	07/01/18 - 06/30/19	52,486	-	52,486	54,081	
HOME Investments Partnership	20H01	14.239	N/A	07/01/19 - 06/30/20	84,706	-	84,706	23,570	
Subtotal for HOME Investments Partnership					314,702	-	314,702	286,074	
Housing Opportunities for Persons with AIDS	15A01	14.241	N/A	07/01/14 - 06/30/15	6,204	-	6,204	6,204	
Housing Opportunities for Persons with AIDS	16A01	14.241	N/A	07/01/15 - 06/30/16	1,688	-	1,688	1,688	
Housing Opportunities for Persons with AIDS	19A01	14.241	N/A	07/01/18 - 06/30/19	216,123	-	216,123	216,291	
Housing Opportunities for Persons with AIDS	20A01	14.241	N/A	07/01/19 - 06/30/20	590,767	-	590,767	577,559	
Subtotal for HOPWA Investments Partnership					814,782	-	814,782	801,742	

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Major Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Expenditures				Passed Through to Subrecipients
					Regular	ARRA	Total		
Emergency Solutions Grant Program	19E01	14.231	N/A	07/01/18 - 06/30/19	\$ 8,725	\$ -	\$ 8,725	\$	9,272
Emergency Solutions Grant Program	20E01	14.231	N/A	07/01/19 - 06/30/20	170,316	-	170,316		158,255
COVID 19 - Emergency Solutions Grant Program	CVE01	14.231	N/A	07/01/19 - 06/30/20	4,530	-	4,530		-
<b>Subtotal for Emergency Shelter</b>					<b>183,571</b>	<b>-</b>	<b>183,571</b>		<b>167,527</b>
<b>Subtotal Housing and Urban Development Direct Awards</b>					<b>3,539,406</b>	<b>-</b>	<b>3,539,406</b>		<b>1,928,852</b>
<i>Passed through the Delaware State Housing Authority</i>									
Neighborhood Stabilization Program (NSP1)	09N01	14.228	NSP-04-08	03/23/09 - 12/31/14	129,075	-	129,075		-
ARRA - Neighborhood Stabilization Program (NSP2)	11N01	14.256	NSP-04-09	01/07/11 - 12/31/14	-	74,910	74,910		-
<b>Subtotal Housing and Urban Development Pass-Through Awards</b>					<b>129,075</b>	<b>74,910</b>	<b>203,985</b>		<b>-</b>
<b>Total United States Department of Housing and Urban Development</b>					<b>3,668,481</b>	<b>74,910</b>	<b>3,743,391</b>		<b>1,928,852</b>
<b>United States Department of Interior</b>									
<i>Passed through the Delaware Division of Historical and Cultural Affairs</i>									
Historic Preservation	20I01	15.904	10-16-141266-02	07/03/19 - 06/30/20	15,370	-	15,370		-
<b>Total United States Department of Interior</b>					<b>15,370</b>	<b>-</b>	<b>15,370</b>		<b>-</b>
<b>United States Department of Justice</b>									
<i>Direct Programs</i>									
Anti-Violence Initiative	17J06	16.738	N/A	10/01/15 - 09/30/19	18,467	-	18,467		-
Edward Byrne Memorial Justice Assistance Grant Program	18J06	16.738	N/A	10/01/16 - 09/30/20	147,074	-	147,074		-
Edward Byrne Memorial Justice Assistance Grant Program	19J06	16.738	N/A	10/01/17 - 09/30/21	188,382	-	188,382		-
Edward Byrne Memorial Justice Assistance Grant Program	20J06	16.738	N/A	10/01/18 - 09/30/22	27,034	-	27,034		-
Equitable Sharing Program	CJ063	16.922	N/A	07/01/09 - Ongoing	118,347	-	118,347		-
Equitable Sharing Program - Buy-Money Account	CJ073	16.922	N/A	07/01/09 - Ongoing	5,000	-	5,000		-
<b>Subtotal United States Department of Justice Direct Awards</b>					<b>504,304</b>	<b>-</b>	<b>504,304</b>		<b>-</b>

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

					Expenditures			
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Major Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Regular	ARRA	Total	Passed Through to Subrecipients
<i>Passed through Delaware Criminal Justice Council</i>								
Victim Services Specialist (II)	19J19	16.575	2016-VF-1802	10/01/18 - 09/30/19	\$ 801	\$ -	\$ 801	\$ -
Victim Services Specialist (II)	20J19	16.575	2017-VF-PT-2095	07/01/19 - 01/31/20	70,769	-	70,769	-
Victim Services Specialist (IV)	20J21	16.575	2018VFPASST2089	02/01/20 - 03-31/21	41,662	-	41,662	-
Force Science Certification Program	19J07	16.738	2016-DB-PT-2110	04/01/19 - 09/30/19	12,876	-	12,876	-
Patrol Camera Program	19J08	16.738	2016-DB-PT-2111	04/01/19 - 09/30/19	14,918	-	14,918	-
Shotspotter Enhancements	19J31	16.738	17-WY-PASSTHRU-21	01/01/19 - 09-30/20	197,049	-	197,049	-
National Sexual Assault Kit Initiative	20J05	16.833	205-AK-BX-K007	07/17/19 - 07/17/22	1,480	-	1,480	-
PFA & Warrant Service	20J27	16.588	2017/2018VW2233	07/01/19 - 09/30/20	16,019	-	16,019	-
Coronavirus Supplemental Funding	20J33	16.034	2020-VD-BX-0012	03/30/20 - 06/30/21	113,154	-	113,154	-
Subtotal United States Department of Justice Pass-Through Awards					468,728	-	468,728	-
Total United States Department of Justice					973,032	-	973,032	-
United States Department of Transportation								
<i>Passed through the Delaware Office of Highway Safety</i>								
OHS-Multiple Initiatives #2	19J25	20.607	N/A	10/01/18 - 09/30/19	1,107	-	1,107	-
OHS-Multiple Initiatives #3	19J26	20.616	N/A	10/01/18 - 09/30/19	2,898	-	2,898	-
OHS-Multiple Initiatives #1	20J24	20.600	N/A	10/01/19 - 09/30/20	13,266	-	13,266	-
OHS-Multiple Initiatives #2	20J25	20.607	N/A	10/01/19 - 09/30/20	9,467	-	9,467	-
OHS-Multiple Initiatives #3	20J26	20.616	N/A	10/01/19 - 09/30/20	738	-	738	-
<i>Passed through Delaware Department of Transportation</i>								
Highway Planning and Construction	06527	20.205	1493	04/23/10 - Ongoing	319,460	-	319,460	-
Subtotal Department of Transportation Pass-Through Awards					346,936	-	346,936	-
Total United States Department of Transportation					346,936	-	346,936	-
United States Department of Treasury								
<i>Passed through New Castle County</i>								
COVID 19 - Coronavirus Relief Fund	N/A	21.019	PO186065	03/01/20 - 12/30/20	2,666,837	-	2,666,837	-
Total United States Department of Treasury					2,666,837	-	2,666,837	-
United States Department of Environmental Protection Agency								
<i>Passed through the Delaware Department of Natural Resources and Environmental Control</i>								
Capitalization Grants for Clean Water State Revolving Funds	16W14	66.458	12000081	2017A	914,209	-	914,209	-
Capitalization Grants for Clean Water State Revolving Funds	16W30	66.458	12000096	2019A	3,148,767	-	3,148,767	-
Subtotal Pass through Capitalization Grants for Clean Water State Revolving Funds					4,062,976	-	4,062,976	-

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Major Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Expenditures			
					Regular	ARRA	Total	Passed Through to Subrecipients
<i>Passed through the Delaware Department of Health and Social Services</i>								
Capitalization Grants for Drinking Water State Revolving Funds	16W21	66.468	21500004	2016A	402,689	-	402,689	-
Capitalization Grants for Drinking Water State Revolving Funds	16W23	66.468	21000083	2018B	272,413	-	272,413	-
<b>Subtotal Capitalization Grants for Drinking Water State Revolving Funds</b>					<b>675,102</b>	<b>-</b>	<b>675,102</b>	<b>-</b>
<b>Total United States Environmental Protection Agency</b>					<b>4,738,078</b>	<b>-</b>	<b>4,738,078</b>	<b>-</b>
<b>Centers for Disease Control and Prevention</b>								
<i>Passed through the American Lung Association</i>								
National Tobacco Control Program	18K38	93.305	18-089	11/01/17 - 05/25/18	\$ 3,718	\$ -	\$ 3,718	\$ -
<b>Total United States Environmental Protection Agency</b>					<b>3,718</b>	<b>-</b>	<b>3,718</b>	<b>-</b>
<b>Executive Office of the President</b>								
<i>Passed through the Philadelphia-Camden High-Intensity Drug Trafficking Area</i>								
High Intensity Drug Trafficking Areas Program	19K21	95.001	G18PC0009A	01/01/18 - 12/31/19	10,010	-	10,010	-
High Intensity Drug Trafficking Areas Program	19K19	95.001	G18PC0002A	01/01/18 - 12/31/19	13,901	-	13,901	-
High Intensity Drug Trafficking Areas Program	20K19	95.001	G20PC0002A	01/01/19 - 12/31/20	16,177	-	16,177	-
High Intensity Drug Trafficking Areas Program	20K21	95.001	G18PC0002A	01/01/19 - 12/31/20	7,735	-	7,735	-
<b>Total Executive Office of the President</b>					<b>47,823</b>	<b>-</b>	<b>47,823</b>	<b>-</b>
<b>United States Department of Homeland Security</b>								
<i>Direct Programs</i>								
Port Security Grant Program	18K03	97.056	N/A	09/01/15 - 08/31/18	9,448	-	9,448	-
<b>Subtotal Direct United States Homeland Security Awards</b>					<b>9,448</b>	<b>-</b>	<b>9,448</b>	<b>-</b>
<i>Passed through the Delaware Emergency Management Agency (DEMA)</i>								
Emergency Management Performance Grants	18K15	97.042	16-004	10/01/16 - 06/30/18	80,418	-	80,418	-
Emergency Management Performance Grants	19K15	97.042	16-004	10/01/17 - 06/30/20	71,787	-	-	-
Emergency Management Performance Grants	20K15	97.042	16-004	10/01/18 - 06/30/21	217,669	-	217,669	-
<b>Subtotal Passed through the Delaware Emergency Management Agency (DEMA)</b>					<b>369,874</b>	<b>-</b>	<b>298,087</b>	<b>-</b>
<b>Total United States Department of Homeland Security</b>					<b>379,322</b>	<b>-</b>	<b>307,535</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ 17,889,420</b>	<b>\$ 74,910</b>	<b>\$ 17,892,543</b>	<b>\$ 1,928,852</b>

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wilmington, Delaware (City) and is presented on the accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: INDIRECT COST RATE**

The City has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

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

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:	Unmodified		
Internal Control Over Financial Reporting:			
• Material Weaknesses Identified?	<u>    x    </u>	Yes	<u>          </u> No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	<u>    x    </u>	Yes	<u>          </u> None Reported
Noncompliance Material to Financial Statements Noted?	<u>          </u>	Yes	<u>    x    </u> No

**Federal Awards**

Internal Control Over Major Programs:			
• Material Weaknesses Identified?	<u>          </u>	Yes	<u>    x    </u> No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	<u>          </u>	Yes	<u>    x    </u> None Reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified		
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR section 200.516(a)	<u>          </u>	Yes	<u>    x    </u> No

**Identification of Major Programs**

CFDA Number(s) and Name of Federal Program or Cluster

10.559 Summer Food Service Program for Children (SFSPC)

11.473 National Fish and Wildlife Foundation Grant Agreement

21.019 Coronavirus Relief Fund

20.205 Highway Planning & Construction

Dollar Threshold Used to Distinguish between Type A and and Type B Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	<u>          </u> Yes <u>    x    </u> No

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2020-001**

**Type of Finding: Material Weakness**

**Department of Finance - Financial Reporting Close Process**

**Condition:** During our audit, we noted misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process but had not yet been made by the Finance Department or were required, as a result of our audit procedures. A similar finding was also reported in the prior year; however, the number of adjusting journal entries required was reduced. The following summarizes the required adjusting journal entries that are either individually material or material in aggregate.

Five adjustments were needed to correct capital assets balances as of June 30, 2020:

1. Adjusting entries totaling \$1,849,669 were needed to adjust construction in progress and accrued retainage to actual in the Water & Sewer Fund and in the Governmental Activities.
2. Adjusting journal entries totaling \$3,649,125 were needed to adjust the opening balances of the Internal Service Funds (Motor Vehicle Fund and Workers' Compensation Fund), General Fund, and the Water & Sewer Fund to record June 30, 2019 closing entries that were not captured by the automatic close performed by the General Ledger software.
3. Adjusting journal entries totaling \$5,386,636 to increase the Accounts Receivable Bad Debt Allowance for the Water / Sewer Fund's Charges for Services for Direct Users.
4. Adjusting journal entries totaling \$257,594 to the Other Non-Major Funds and the Capital Projects Fund to record previously unrecorded expenses incurred during the year ended June 30, 2020.
5. Adjusting journal entries totaling \$2,945,426 to adjust the Other Non-Major Funds and the Capital Projects Fund to accrue grants receivable and record deferred inflows, for grants collected more than 60 days after June 30, 2020.
6. An adjusting journal entry to record \$335,220 of receivables for extra duty Fire and Police services rendered during the year ended June 30, 2020 that were billed and collected subsequent to June 30, 2020.
7. Adjusting journal entries totaling \$14,297,071 to remove bonds payable and a receivable for funds not yet drawn, as of June 30, 2020, from the State of Delaware Revolving Loan Funds, in the Water & Sewer Fund.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2020-001 - Continued

**Condition - Continued**

A similar finding, concerning the financial close process, was reported for the year ended June 30, 2019.

**Criteria:** The City's Accounting Manual requires adequate review and adjustment of the year-end accounting data and financial information used to prepare the City's financial statements in accordance with generally accepted accounting principles (GAAP), in a timely manner. Although we noted improvements over the prior year, the improvements in the process were not sufficient to identify and correct all material misstatements.

**Cause:** While the Finance Department's financial closing procedures captured most of the necessary routine entries, the existing procedures did not capture certain unusual or complex entries. Certain other entries were made but required correction. The Finance Department's Accounting Division does not have adequate procedures in place to support the City's financial reporting close process while also maintaining day-to-day operations.

**Effect:** The misstatements that were discovered during the audit required material adjustments for the fair presentation of the financial statements. We provided management with proposed adjustments, which management accepted and posted to the City's general ledger to correct these misstatements.

**Recommendation:** We recommend that the Finance Department enhance its financial closing procedures in the current year so that it captures the types of activities that were missed in fiscal year 2020. As part of the process, the Finance Department should evaluate all fiscal year 2020 post-closing and audit adjustments to ensure that procedures and controls are in place to properly identify and record similar entries in the future, on a timely basis.

We recommend that the Finance Department subject journal entries and their supporting schedules and documents to additional review, based on their size and significance. Larger entries should be reviewed by more than one supervisor. In addition, Finance Department staff should regularly review new ordinances approved by City Council, new contracts and unusual payments for items that might require special accounting treatment.

We also recommend that the Finance Department review the adequacy of resources dedicated to the financial reporting close process to ensure that the financial statements are prepared accurately and timely.

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Director of Finance and Accounting Manager

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2020-002

**Type of Finding:** Significant Deficiency

**Integrated Technology Department - General Controls**

**Condition:** As part of our consideration of internal control and the Information Technology (IT) environment, we noted instances where the City of Wilmington's general controls should be improved. We also noted considerable progress, such as the performance of an external network assessment and intrusion detection testing by outside consultants. Current conditions noted include:

1. Although the City has a Change Advisory Board that is charged with review of vendor selection, performance of service providers and progress on IT projects, the City does not have a complete IT strategic planning and risk management process in place to support its financial reporting requirements.
2. Although the City has elements of a security policy in place, such as an acceptable use policy, a password policy, and physical security over the data center, there is no overall information security policy supported by documentation, standards, and procedures.
3. Change Management policies and procedures, including policies and procedures related to emergency changes, have not been recently updated.
4. Following industry best practices, the City engaged a consultant to perform an external network assessment of the City's network defenses. The testing was completed in August 2020 and reported 11 findings categorized by the vendor as follows: two high risk, four medium risk, four low risk and one informational. Further detail supporting each finding was included in the vendor's report that was excluded from this report due to the proprietary nature of the information.

A similar finding was reported for the year ended June 30, 2019.

**Criteria:** Internal control over the information systems used to record and store transactions and prepare the City's financial statements in accordance with GAAP should be sufficient to prevent or identify and correct potential misstatements.

**Cause:** Budgetary constraints have caused the City to fall behind in its strategic planning and risk management in the IT area, although progress has been made in a number of areas.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2020-002 - Continued**

**Effect:** The internal control deficiencies noted could pose risks to the City's systems and data, including the risks of financial misstatements and fraud.

**Recommendation:** We recommend that the Director of Integrated Technology, with assistance from other departments, proceed with updating the City's IT Strategic Plan and overall information security policy. We also recommend that the City follow-up on the findings of the consultant's external network assessment.

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Director of Integrated Technology

**Reference Number: 2020-003**

**Type of Finding: Significant Deficiency**

**Department of Human Resources - Payroll Division - Payroll Superusers**

**Condition:** The Department of Human Resources, Payroll Division, has several employees and contractors who are payroll "Superusers" in the City's MUNIS payroll system. The Payroll Division is responsible for the processing of the City's payroll. The Superuser role allows employees unlimited ability to edit all payroll-related records in MUNIS. Changes made with the Superuser role can be made without approval or review. Individual Superusers can be both the preparers and approvers of such payroll transactions. These are incompatible functions. Certain City contractors also have been granted Superuser access, making this situation riskier. The same finding was reported for the year ended June 30, 2019.

**Criteria:** In accordance with City Code Sections 40-21 through 40-26, the City's Department of Human Resources is required to properly administer the City's personnel program. This requirement includes "*Providing a systematic means of controlling salary expenditures*" (Section 40-26 (a) (10)). The Department's use of the payroll Superuser role does not ensure there are sufficient controls over the City's salary expenditures.

**Cause:** The MUNIS payroll software is written in such a way that it requires Superuser access to complete payroll processing. Additionally, the Payroll Division was not sufficiently staffed in fiscal year 2020 to provide for adequate review to alleviate the need for employees to perform the incompatible functions.

**Effect:** The existence of incompatible functions without mitigating controls puts the City's payroll at risk of error or fraud occurring and not being detected.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2020-003 - Continued

**Recommendation:** We recommend that the Human Resources Department mitigate the risks caused by the Superuser role by implementing additional reviews of payroll and employee records transactions.

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Human Resources Director

**Reference Number:** 2020-004

**Type of Finding:** Significant Deficiency

**Department of Human Resources & Police Department - Division of Human Resources - Police Vacation and Compensatory Hour Tracking**

**Condition:** Police Vacation and Compensatory time is not accurately tracked and maintained in the City's timekeeping system (KRONOS) by the Department of Human Resources. The Police Department separately maintains records of Vacation and Compensatory Time in Excel workbooks for each Police Department employee. The Police Department's records are not reconciled to KRONOS on a regular basis. Using a sample of 25 Police Officers' Vacation and Compensatory Time balances, we found a number of variances between Police records and KRONOS, which would project to an understatement of \$56,212 over the total population. The following chart summarizes the projected differences in the Police Department employee balances as of June 30, 2020:

	<b>Vacation</b>	<b>Sick Time</b>	<b>Compensatory Time</b>	<b>Total</b>
	<b>Projected Difference</b>			
KRONOS Balance	\$ 162,594	\$ 76,019	\$ 157,543	\$ 396,156
Actual Balance	189,100	74,893	135,849	399,842
Difference	<u>\$ (26,506)</u>	<u>\$ 1,126</u>	<u>\$ 21,694</u>	<u>\$ (3,686)</u>
Total Liability Recorded	<u>\$ 2,150,303</u>	<u>\$ 1,100,663</u>	<u>\$ 2,019,142</u>	<u>\$ 5,270,108</u>
<b>Projected Difference</b>	<b><u>\$ (350,549)</u></b>	<b><u>\$ 16,302</u></b>	<b><u>\$ 278,035</u></b>	<b><u>\$ (56,212)</u></b>

A similar finding was reported for the year ended June 30, 2019.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2020-004 - Continued**

**Criteria:** The City's contract with FOP Lodge #1, Article 19, Section 19.9 Compensatory Time, Paragraph (f) requires monthly reporting of compensatory time by officer to keep the City's official balances, as recorded in the General Ledger, reconciled with the detailed records maintained by the Police Department. The contract language is as follows:

*"The Police Department will, hereinafter, furnish the Department of Human Resources and Finance with monthly reports as to accumulated, compensatory time on a per officer basis so that the above terms and conditions may better be monitored and enforced."*

**Cause:** The Police Department independently manages employee Vacation and Compensatory Time balances outside of the City's Human Resources Department. The Police Department reviews employee Vacation and Compensatory Time balances reported in KRONOS, but does not reconcile or correct the balances on a regular basis. It appears that KRONOS does not have the capability (or has not been modified) to meet the recording needs for the Police Department's Vacation and Compensatory Time.

**Effect:** The City's liability for Vacation and Compensatory Time may be understated as of June 30, 2020 as noted in the condition above.

**Recommendation:** We recommend the City's Department of Human Resources and Police Department work together to implement a monthly review and reconciliation of Vacation and Compensatory Time accumulated by officer with the goal of having an automated hour tracking system that meets both the Police Department's and Department of Human Resources' payroll reporting and control requirements. As part of this effort, we also recommend that the City explore capabilities that KRONOS may have to address time tracking issues specific to the Police Department.

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Director of Human Resources

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2020-005**

**Type of Finding: Significant Deficiency**

**Department of Finance - Revenue Division - Extra Duty Billing Process**

**Condition:** Audit procedures revealed weaknesses in the Department of Finance - Revenue Division's monitoring of the Fire and Police extra duty program to ensure that all services rendered have been billed to customers. The Revenue Division prepares and distributes billings for extra duty services based on time sheets provided by the Fire and Police Departments on a biweekly basis. The time sheets are also submitted to the Department of Human Resources - Payroll Division for the preparation of the employees' payroll for the services provided. The Revenue Division does not verify that the information submitted to the Payroll Division is consistent with the information received for billing purposes.

Our audit procedures revealed an adjustment of \$335,020 required to record revenues for services rendered during the period of March 2020 through June 2020 that were billed after the year-end close, in October and December 2020.

A similar finding was reported for the year ended June 30, 2019.

**Criteria:** The City Code requires the City's Department of Finance to effectively manage the City's revenues and accounts receivable to ensure timely and complete collections as follows:

***Chapter 1 - Department of Finance and its Departmental Boards -***

***Sec. 6-101 - Accounts***

*(c) Supervise the accounting for all moneys received and receivable by the City from any source whatever. He shall require the accounting in the department of finance to be done by modern and economical methods, including the use of mechanical equipment, and with adequate safeguards to prevent irregularity or laxity in the recording both of moneys received and of moneys due.*

**Cause:** The City does not have sufficient monitoring controls to timely produce invoices for Extra Duty Services. Due to a filing error, Extra Duty invoices for services rendered during the period of March through June 2020 were not prepared and recorded until October 2020 and December 2020.

**Effect:** The City did not invoice or collect revenue for Extra Duty services rendered.

**Recommendation:** We recommend the City's Department of Finance implement processes to reconcile Extra Duty billings to the related payroll costs and track receivables, on a monthly basis.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2020-005 - Continued

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Director of Finance, Revenue Division Manager

**Reference Number:** 2020-006

**Type of Finding:** Significant Deficiency

**Department of Finance - Revenue Division - Transfer Tax**

**Condition:** We found that supporting documentation received by the City to support transfer tax payments is not retained by the Revenue Division. Documentation supporting transfer tax payments is forwarded to New Castle County for recording after being stamped by the City. This process limits the City's ability to review and audit the transfer tax payment. In July 2018, the City Auditor issued a report detailing significant deficiencies in the Revenue Division's transfer tax process and procedures.

A similar finding was reported for the year ended June 30, 2019.

**Criteria:** The City Code (Article VI, Chapter 1, Section 6-101 (a)) requires the Department of Finance to "have complete supervision over the keeping of detailed accounting records..."

**Cause:** The Revenue Division's practice is accepting real estate transfer tax payments at central cashiering, reviewing documentation at that time, creating a receipt, stamping the sale documents for recording, and forwarding the documents to New Castle County for recording. Because the Revenue Division does not scan or copy the documentation, the process does not allow for subsequent review of the transfer tax transactions.

**Effect:** The City transfer tax payments are not corroborated by adequate supporting documentation. There is an increased risk that errors in the transfer tax payments and exemptions will not be discovered in a timely manner to enable correction of errors.

**Recommendation:** We recommend that the Revenue Division revise its process for handling payments of transfer taxes to ensure that it complies with the requirements in the City Code. Since it is not practical for the cashier accepting transfer tax payments to adequately review the calculation of the payment or the validity of exemptions claimed, at the time of receipt, the Revenue Division should maintain copies of all relevant documents to allow for a thorough subsequent review. Additionally, the Revenue Division should ensure documentation supporting transfer taxes is retained in accordance with the City's record retention policy.

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2020-006 - Continued

**Views of Responsible City Officials and Planned Corrective Actions:** See corrective action plan.

**Responsible Positions:** Finance Director

**CITY OF WILMINGTON, DELAWARE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**III. MAJOR FEDERAL AWARD PROGRAM FINDINGS**

No major federal award program findings for the year ended June 30, 2020.

**CITY OF WILMINGTON, DELAWARE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLANS**  
**YEAR ENDED JUNE 30, 2020**

**CURRENT STATUS OF PRIOR YEAR FINDINGS**

**Reference Number: 2019-001**

**Type of Finding: Material Weakness**

**Department of Finance - Financial Reporting Close Process**

**Condition:** During our audit work, we noted nine misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process but had not yet been made by the Finance Department or were required, as a result of our audit procedures.

**Current Status:** This finding was partially addressed but a similar condition was noted during the year ended June 30, 2020. See current year finding 2020-001.

**Reference Number: 2019-002**

**Type of Finding: Significant Deficiency**

**Integrated Technology Department - General Controls**

**Condition:** As part of our consideration of internal control and the Information Technology (IT) environment, we noted instances where the City of Wilmington's general controls should be improved.

**Current Status:** This finding has been partially addressed. See current year finding 2020-002.

**Reference Number: 2019-003**

**Type of Finding: Significant Deficiency**

**Department of Human Resources - Payroll Division - Payroll Superusers**

**Condition:** The Department of Human Resources, Payroll Division has several employees and contractors who are payroll "Superusers" in the City's MUNIS payroll system. The Payroll Division is responsible for the processing of the City's payroll. The Superuser role allows employees unlimited ability to edit all payroll-related records in MUNIS. Based on our analysis of the payroll audit trail extracted from MUNIS, employees with Superuser access made changes to employee master records, pay rates, pay tables, pay steps, employee position control, and employee deductions. Changes made with the Superuser role can be made without approval or review. Individual Superusers can be both the preparers and approvers of such payroll transactions. These are incompatible functions. A similar finding was reported last year. However, in the current fiscal year, in preparation for the outsourcing of the payroll function, some City employees have been replaced by contractors, making this situation riskier.

**Current Status:** This condition continued during the year ended June 30, 2020. See current year finding 2020-003.

**CITY OF WILMINGTON, DELAWARE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLANS -**  
**CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**CURRENT STATUS OF PRIOR YEAR FINDINGS - CONTINUED**

**Reference Number: 2019-004**

**Type of Finding: Significant Deficiency**

**Department of Finance - Revenue Division - Water and Property Tax Adjustment Process**

**Condition:** Our audit procedures performed on the water revenue adjustment process and property tax exemption and assessment change process revealed the following:

Water revenue adjustments are entered into the City's MUNIS software by Revenue Division staff without required supervisory review and approval. Property tax revenue adjustments are made for various reasons: the removal of tax on a property subject to a tax incentive or tax exemption, the removal of tax due to an appeal of an assessment through New Castle County's Assessment Division, and the correction of errors. Supporting documentation, in the form of applications for exemptions or incentives, New Castle County Treasury Letters for assessment appeals or other documents for the correction of errors, was not provided for our review with the internal adjustment documents.

**Current Status:** This finding has been addressed. Our testing of revenue adjustments made during the year ended June 30, 2020 did not reveal similar findings.

**Reference Number: 2019-005**

**Type of Finding: Significant Deficiency**

**Department of Human Resources & Police Department - Division of Human Resources - Police Vacation and Compensatory Hour Tracking**

**Condition:** Audit testing revealed Police Vacation and Compensatory time is not accurately tracked and maintained in the City's timekeeping system (KRONOS) by the Department of Human Resources. The Police Department separately maintains records of Vacation and Compensatory Time in Excel workbooks for each Police Department employee. The Police Department's records are not reconciled to KRONOS on a regular basis.

**Current Status:** This condition continued during the year ended June 30, 2020. See current year finding 2020-004.

**CITY OF WILMINGTON, DELAWARE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLANS -**  
**CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**CURRENT STATUS OF PRIOR YEAR FINDINGS - CONTINUED**

**Reference Number: 2019-006**

**Type of Finding: Significant Deficiency**

**Department of Finance - Revenue Division - Extra Duty Billing Process and Accounts Receivable Management**

**Condition:** Audit procedures revealed the City's Department of Finance - Revenue Division does not adequately monitor the Fire and Police extra duty program to ensure all services rendered have been billed to customers. The Revenue Division prepares and distributes billings for extra duty services based on time sheets provided by the Fire and Police Departments on a biweekly basis. The time sheets are also submitted to the Department of Human Resources - Payroll Division for the preparation of the employees' payroll for the services provided. The Revenue Division does not verify that the information submitted to the Payroll Division is consistent with the information received for billing purposes.

**Current Status:** A similar condition was noted during the year ended June 30, 2020. See current year finding 2020-005.

**Reference Number: 2019-007**

**Type of Finding: Significant Deficiency**

**Department of Finance - Revenue Division - Transfer Tax Billing & Collection**

**Condition:** We found that supporting documentation received by the City is not retained by the Revenue Division to support transfer tax payments and exemptions claimed. Documentation supporting transfer tax payments is forwarded to New Castle County for recording, which limits the City's ability to review and audit the transfer tax. In July 2018, the City Auditor issued a report detailing significant deficiencies in the Revenue Division's transfer tax process and procedures.

**Current Status:** This finding has not been addressed. See current year finding 2020-006.

**Reference Number: 2019-008**

**Type of Finding: Material Weakness**

**Wilmington Housing Partnership Corporation (Blended Component Unit - Department of Real Estate & Housing)**

**Condition:** The Wilmington Housing Partnership Corporation (WHPC) is a 501(c)3 nonprofit corporation formed by the City of Wilmington to assist residents of the City of Wilmington in obtaining affordable housing.

**CITY OF WILMINGTON, DELAWARE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLANS -**  
**CONTINUED**  
**YEAR ENDED JUNE 30, 2020**

**CURRENT STATUS OF PRIOR YEAR FINDINGS - CONTINUED**

**Reference Number: 2019-008 - Continued**

**Condition - Continued**

Our audit, as well as the City Auditor's agreed-upon procedures engagements reported a number of conditions within WHPC and with transactions between the City and the WHPC, including the following:

1. Prior year audits not completed timely.
2. Fiscal year 2018 and 2019 accounting functions not completed timely.
3. Lack of documentation for the authorization of a number of transactions.
4. Unapproved use of federal program income for operations.
5. Potential conflicts of interest.
6. Issues involving the valuation of properties held for development.

**Current Status:** This finding has been addressed by the WHPC and the City.

**FEDERAL AWARD PROGRAMS FINDINGS**

**United States Department of Housing and Urban Development (HUD)**

**Reference Number: 2019-009**

**Program: 14.241 Housing Opportunities for Persons with AIDS (HOPWA)**

**Type of Finding: Noncompliance; Significant Deficiency**

**Compliance Requirement: Cash Management**

**Condition:** During the period from July 1, 2018 through November 30, 2018, the City did not draw down HOPWA grant funds.

**Current Status:** This finding has been addressed.

# City of Wilmington



**MICHAEL S. PURZYCKI**  
**Mayor**

For the Year Ended June 30, 2020  
Finance Department Response to Audit Findings

Reference Number: 2020-001  
Type of Finding: Material Deficiency  
Finance Department - Financial Reporting Close Process

#### Corrective Action Plan:

The City agrees with the conditions and recommendations stated above. The City has implemented a process of review of transactions throughout the fiscal year and prior to the closing of the fiscal year. While we have made improvements, more scrutiny must occur. In addition, the Department will be requesting funds and a position in its FY 2022 budget to provide additional oversight to the accounting and audit processes. Lastly, the Department will continue its quarterly closing activity to ensure that transactions are properly recorded and necessary adjustments and corrections are made prior to the closing of the Fiscal Year. We will use the previously noted adjusted entries as a guidepost to areas where we should first focus.

Reference Number: 2020-005  
Type of Finding: Significant Deficiency  
Department of Finance - Revenue Division – Extra Duty Billing Process

#### Corrective Action Plan:

The City agrees with the recommendation noted by Audit. Upon discovery of the issue, the Billing division took immediate action to address the situation. A secondary check of the Extra Duty Billing will be completed and reconciled with the HR department on a biweekly basis. This will ensure that all invoices have been added to the system in a timely manner. Additionally, the following changes have also been implemented.

1. Employee's workstation has been rearranged to ensure that all incoming documents from both Police and Fire are kept in a central place for speedy processing.
2. All invoices are to be processed within one (1) week of receipt.
3. Employee (temporary) was issued a memorandum indicating that if this policy is not adhered to, she will be subject to immediate termination from the City.
4. All new invoices will be scanned electronically and saved on the system by month. This will ensure that invoices are readily assessable.

Reference Number: 2020-006  
Type of Finding: Significant Deficiency  
Department of Finance - Revenue Division - Transfer Tax

Corrective Action Plan:

The City's response to a similar finding was noted and updated with our response in November 2019. At that time, the Billing Division provided detailed information process, which is listed below.

The City does maintain copies of all relevant documents to allow for a subsequent and thorough review. The Real Estate Tax Coordinator maintains copies of documents on-site for three (3) years in a locked file cabinet. This process began several years ago. At the end of the three-year period, documents are shredded due to the sensitive information contained on the transfer sheet, however, any reference to the previous transaction can be researched using the excel spreadsheet. The spreadsheet is maintained on the on a central drive designation in the City's shared folders.

In addition to the above, improvements are needed. The issue in question will require Revenue personnel to double check the calculation of the transaction with respect to the Code, particularly in the case of exemptions. The City will perform a review upon receipt of the transaction documents from Central Cashiering. Focus will be on exemptions and transactions of related parties. Questionable transactions will be sent to the Director's office for further research.

# City of Wilmington



**MICHAEL S. PURZYCKI**  
Mayor

For the Year Ended June 30, 2020

Integrated Technology Department Response to Audit Findings

Reference Number: 2020-002

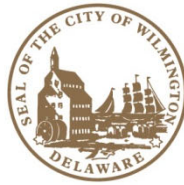
Type of Finding: Significant Deficiency

Integrated Technology Department - General Controls

## Corrective Action Plan

1. Strategic planning is accomplished during the budget process. The Department must submit strategic objectives for the process each year to the Office of Management and Budget, based on discussions with the Chief of Staff and Mayor's Office. The Director of Integrated Technology will work with the Mayor's Office to tightly integrate with the City's strategic plan.
2. The Director of Integrated Technology will complete a comprehensive security policy for the organization by 5/15/2021. The Policy will address new needs and requirements while encompassing existing elements.
3. The Integrated Technology Department will review the Change Management Policies and procedures with assistance from a 3rd Party consultant and update the recommended items by 7/1/2021.
4. All reported items have been mitigated. The Integrated Technology Department will continue to improve security and test on a yearly basis.

# City of Wilmington



**MICHAEL S. PURZYCKI**  
Mayor

For the Year Ended June 30, 2020

Human Resources Department Response to Audit Findings

Reference Number: 2020-003

Type of Finding: Significant Deficiency

Finding Description

The Department of Human Resources, Payroll Division, has several employees and contractors who are payroll "Superusers" in the City's MUNIS payroll system.

## Corrective Action Plan

The issue raised is in part due to the functionality of the MUNIS system, and requires a multifaceted solution. Human Resources will work with the Department of Integrated Technologies to adjust access/security level employees in the Payroll Division, excluding the Payroll Manager, who will retain superuser access. This will limit the scope of employees with superuser capabilities.

HR will request that the Payroll Manager's superuser profile be updated to include her name, ensuring that actions take/changes made will be attributed to the manager.

For the Year Ended June 30, 2020

Human Resources Department Response to Audit Findings

Reference Number: 2020-004

Type of Finding: Significant Deficiency

Finding Description

Police Vacation and Compensatory time is not accurately tracked and maintained in the City's timekeeping system (KRONOS) by the Department.

## Corrective Action Plan

Human Resources concurs with the recommendation to implement a monthly review and reconciliation of the Vacation and Compensatory hours accumulated by officers. This will be implemented once the parties (Human Resources and the Police Department) determine the accurate balances as of a date certain. Once accurate balances are determined and agreed upon, it is imperative that the Police Department promptly forward and the Human Resources Department promptly processes all Payroll Adjustment Forms, as this will assist with the reconciliation process, and ensure leave balances are accurate.